FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,916 — Tuesday April 29 1986 — D 8523 B

South Africa: whites prepare for fight-back, Page 25

World news

EEC cash squeeze may split Community

EEC Finance Ministers were warned that cuts of Ecu 500m ($488m) in 1986 and Ecu 1bn in 1987 would have to be made in EEC programmes to keep spending within the legal limit on Community revenues.

Even then, the combined needs of the Common Agriculture Policy and the funds for social and regional spending were set to make a nonsense of the ministers' efforts at imposing budgetary discipline on the European institutions.

The squeeze on Community programmes seems certain to open a deep divide between the member states. The 12 Finance Ministers yesterday failed to agree on whether the likely overrun in farm spending should be considered "exceptional" or not. Page 2

Tunis reshuffle

Tunisian President Habib Bourguiba appointed a new Interior Minister in a reshuffle that also rearranged the economic portfolios in his cabinet. The reshuffle was the second this month.

Suspect arrested

Domingo Iturbe Abasolo, wanted in Spain as a suspected leader of the Basque separatist movement Eta, was arrested in France. Eta said it was responsible for a Madrid car bomb attack last Friday in which five paramilitary civil guards were killed. Arrest, Page 3

Pacific talks call

Soviet Union called for talks aimed at keeping the sea lanes in the Pacific open to all countries.

Health liability

A judge in Boston, Massachusetts, ruled that the warnings on cigarette packets did not protect tobacco companies from product liability lawsuits. Page 6

Greek official quits

Kostas Isimas, a senior official of the Greek Public Order Ministry resigned after the Socialist Government was criticised for failing to catch guerrillas who killed Dimitris Angelopoulos, a top industrialist, on April 8.

'2,500 missing'

Odd Grann, general secretary of the Norwegian Red Cross, said 2,500 people were missing after a dam gave way in Sri Lanka last week and authorities there had underestimated the extent of the disaster.

Rebels 'killed 172'

Mozambican right-wing rebels said they killed 172 government soldiers, captured a town and a government position and seized a train carrying supplies in recent attacks in three provinces.

Priest expelled

Mauritius has expelled a French Roman Catholic priest, accusing him of "undesirable activities," according to Bishop Jean Hargeot, the leader of the country's 300,000 Catholics.

Porcelain prices

The first day of Christie's Hatcher porcelain sale in Amsterdam, of an 18th-century cargo recovered from the South China Sea, fetched prices five times as high as expected. Arts Page 23

Texas slavery trial

A prominent Texas family, accused of kidnapping hapless drifters to work at their ranch, goes on trial today in the state's first criminal slavery case since the Civil War era.

Hirohito at 85

Japan today commemorates the 60th anniversary of the reign of Emperor Hirohito, the longest imperial rule in Japanese recorded and mythological history. He is 85 today. Page 5

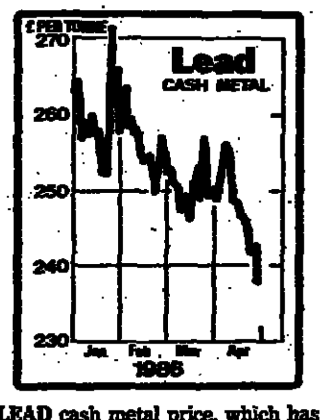
Business summary

Wedgwood faces £149m hostile bid

LONDON International Group, UK consumer and rubber products business, launched a £149m ($229m) hostile bid for Wedgwood, pottery and china maker whose independence has survived more than 225 years. Lex, Page 26; Details, Page 26; News Analysis, Page 2; London market report, Page 50

DOLLAR fell in London to DM 2.1640 (DM 2.1810), FFr 6.8975 (FFr 6.9475), SFr 1.8080 (SFr 1.8215) and Y167.15 (Y168.15). On Bank of England figures, the dollar's index fell to 113.2 from 114.1. Page 43

STERLING rose 0.75 cent to close at $1.5555. It also rose to DM 3.365 (DM 3.355), FFr 10.73 (FFr 10.685), SFr 2.8125 (SFr 2.8025) and Y260 (Y258.5). The pound's exchange-rate index rose 0.5 to 76.4. Page 43



LEAD cash metal price, which has been falling steadily because of over supply, fell in London to a 10-year low of £237.75 a tonne, down £3.75. Page 42

GOLD fell $0.25 to $344.75 on the London bullion market. It also fell in Zurich to $343.60 from $344.25. Page 42

RUBBER trade launched a futures contract in London based on a rubber price index in an attempt to lure back Far East business. Page 42

WALL STREET: At 3pm the Dow Jones industrial average was 1.74 lower at 1,833.83. Page 50

LONDON: Blue chips were sought but most issues were quiet. The FT Ordinary share index gained 7.4 to 1,365.30 while the FT-SE 100 added 6.2 to 1,628.80. Gilts were short of power. Page 50

TOKYO: Shares advanced only modestly in dull trading. The Nikkei average gained 50.50 to 15,757.93. Page 50

UN officials estimated that the organisation's immediate cash shortfall was $78m in an annual budget of about $830m. Page 6

ISRAEL'S net foreign debt dropped to $19.3bn at the end of 1985, putting an end to a consistent upward spiral that started with the oil crisis of 1973. Page 5

GREEK central bank governor Dimitris Chalikias urged a relaxation of controls on the economy to consolidate stabilisation measures. Page 3

LA FONDIARIA, Italy's seventh biggest insurance company, based in Florence, announced a 44.1 per cent rise in after-tax profits to L71.86bn ($48.04m) and a rights issue that will raise L121.6bn in new funds.

DEMERGER Corporation failed to win control of Extel, financial and sporting data group. Page 32

INCHCAPE, diversified UK-based trading group, blamed a £32.7m fall in taxable profits to £48.2m ($80m) last year on currency movements and losses in south-east Asia. Lex, Page 26; details, Page 32

MORGAN STANLEY, the New York investment bank that went public last year, achieved a substantial first-quarter earnings gain of $58m compared with $17.8 m in the same period last year. Page 27

KAUFHOF, West Germany's second biggest retail group, proposes to raise its 1985 dividend to DM 7 from DM 6.50 a share after slightly increasing net profit. Page 27

SCANDINAVIA DETECTS HIGHER RADIATION LEVELS

Moscow admits to Ukraine N-plant accident, injuries

BY OUR FOREIGN STAFF

A SOVIET nuclear power station in the Ukraine has suffered a serious accident, resulting in casualties, the official newsagency Tass said yesterday.

One of the four 1,000 MW reactors at the giant nuclear plant at Chernobyl, north of Kiev, was damaged.

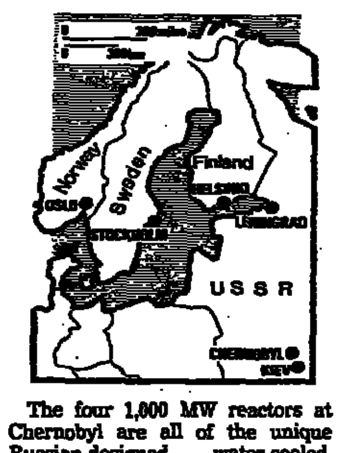
The Soviet admission came only hours after a wave of increased radioactivity had been detected far to the north in several Scandinavian countries.

Early yesterday, the Soviet atomic energy authority had told the Swedish embassy in Moscow that it knew of no nuclear accident on Soviet soil.

Tass later said, "Measures are being taken to eliminate the consequences of the accident. Aid is being given to those affected."

The alarm was first sounded in Sweden, where the country's chief nuclear inspector said the accident appeared to be a meltdown of nuclear fuel in a reactor core. The radiation spectrum was not that associated with a nuclear weapons test.

The accident is a serious blow to the Soviet Union. The Soviet energy programme depends heavily on a rapid increase in nuclear power over the next five years to replace oil-fired power stations.



The four 1,000 MW reactors at Chernobyl are all of the unique Russian-designed, water-cooled, graphite-moderated type known as the RBMK.

The RBMK was designed as a dual-purpose reactor, producing plutonium for nuclear weapons as well as nuclear power.

Because of the facility with which the RBMK produces plutonium, the Russians have never permitted exports. Neither have they permitted its inspection by the safeguards division of the International Atomic Energy Agency.

At least 14 RBMK-type reactors are in operation in the Soviet Union, including one at Ignalia in Lithuania of 1,500 MW output, claimed to be the world's biggest reactor.

Speaking before the Soviet admission of the Chernobyl accident, Mrs Birgitta Dahl, the Swedish Energy and Environment Minister, said the wind direction suggested the source of the radiation to be around the Black Sea.

"We have not received any early warning, and that is not acceptable. There are international agreements on how to act in such cases," she said.

According to a spokesman for the Swedish nuclear power station at Forsmark, where the extra radiation was first detected, the level of radioactivity detected in Sweden was not considered dangerous and was only four times higher than normal background radiation.

During the day, control stations across Scandinavia, in Finland, Norway, Denmark as well as Sweden, reported above-normal radioactivity levels. It remained unclear how prevailing northwest winds had carried the Chernobyl radiation so far and so fast, if as Tass eventu-

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China N-power plan, Page 8

Paris and Tokyo ready to act against terrorism

BY JUREK MARTIN IN TOKYO AND DAVID MARSH IN PARIS

LEADERS of Japan and France, hitherto reluctant to devote time at next week's world economic summit to the subject of terrorism, have both now signalled their readiness to seek stronger international co-operation from the discussions in Tokyo.

Mr Yasuhiro Nakasone, the Japanese Prime Minister and summit host, said yesterday that he would explore "all angles" in pursuit of an agreement to counter terrorism. President François Mitterrand of France, meanwhile, said he was prepared to consider military action in the international fight against terrorism, provided that France's independent foreign policy was not compromised.

The statements suggest that President Reagan may succeed in securing a summit commitment to stronger moves against terrorism, although he is unlikely to persuade his allies to join in economic sanctions.

At a lunch with foreign correspondents at his official residence in Tokyo, Mr Nakasone declined to elaborate on how he might mediate between the US and these nations with publicly expressed reservations about its strike against Libya.

But he did hint at some personal sympathy for the US standpoint in his observations that state-sponsored terrorism, as opposed to individual acts, appeared to be on the rise.

From an economic standpoint, Mr Nakasone insisted that Japan's response had been "most appropriate." The Government had instructed Japanese companies not to take advantage of the withdrawal of US commercial interests from Libya and "this has been observed," in that Japan had entered into no new substantial business contracts with Libya. Moreover, the Libyan diplomatic office in Tokyo had only four staff members.

Mr Nakasone did not leave the

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Japanese lift share of Europe's car market to record 11.3%

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT, IN LONDON

TOYOTA and Nissan overtook BMW in the West German new car market for the first time in the first quarter of this year and helped to lift the total Japanese share to a record 11.3 per cent.

Fiat of Italy was European market leader in the January-March period and seems likely to maintain that position for the first half-year.

But Volkswagen-Audi of West Germany is about to take over Seat from the Spanish Government and Seat's share – 1.4 per cent in the first quarter – will almost certainly ensure that for 1986 as a whole, the enlarged West German group keeps the European title it won for the first time in 1985.

The fact that both Toyota, largest of the Japanese automotive groups, and Nissan, the second-largest, passed BMW in the first quarter stems as much from the West German company's weak performance as much as Japanese strength.

However, the Japanese as a group have been able to make more headway recently in every European car market for a combination of reasons: styling more acceptable to European taste; cars with diesels and emission control equipment to appeal to markets such as Germany, Austria and Switzerland, which are very concerned about the environment; and lower prices, which in the first quarter were still not reflecting the appreciation of the yen.

West European new-car sales (first quarter)

	1985	1986
Total volume	2,768,000	2,913,000
Market shares %		
Fiat	12.8	13.1
VW-Audi	12.1	12.9
Ford	12.1	11.8
General Motors (Opel-Vauxhall)	12.1	11.6
Peugeot-Citroën-Talbot	11.5	11.4
Renault	11.2	9.4
BL (Austin Rover)	3.9	3.8
Daimler-Benz (Mercedes)	3.6	3.7
Toyota	2.3	2.8
Nissan	2.5	2.7
BMW	2.6	2.7
Total Japanese	9.8	11.3

Industry sources

Toyota, with the help of new Corolla and Celica models, is gaining the most ground and this year seems likely to beat its arch-rival Nissan in Europe for the first time.

BMW's main problems are in its domestic market where it is being squeezed by Daimler-Benz, which has introduced in quick succession a new "small" 190 Mercedes range and new medium W124 models. Such is the strength of the D-B product range that the company moved ahead of Ford in the West German market last year and remained there in the first quarter of 1986.

The speed of BMW's slide can be gauged from the fact that in the first quarter of 1984 it had 7.2 per cent of the German market and a 3.3 per cent share in Europe as a whole.

Although the company has been able to compensate by expanding export sales – and remains short of capacity, particularly for the 3-se-

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France trims rates to stem capital inflow

BY DAVID MARSH IN PARIS AND RUPERT CORNWELL IN BONN

THE Bank of France yesterday cut its key money market intervention rate by ¼ percentage point to 7½ per cent after large capital inflows into France in the wake of the franc's devaluation within the European Monetary System three weeks ago.

The reduction – the second in two weeks – is intended to damp down capital transfers, which threaten to push the growth in money supply beyond the 5 per cent limit set by Mr Edouard Balladur, the new Finance Minister.

Authoritative estimates suggest that total flows of capital out of West Germany since the EMS realignment on April 6 have approached DM 20bn. Most of those funds have been channelled to France as a result of the relatively high yields on French deposits and securities.

The outflow of funds has clearly been one factor behind the Bundesbank's reluctance to cut domestic interest rates further – a policy that was applauded yesterday by the five leading West German economic institutes in a warning against the risk of higher inflation.

The French Ministry of Finance and Bank of France have only limited room for manoeuvre to cut interest rates for fear of provoking increased credit demand. That might provide an alternative source of upward pressure on the money supply and also risk an upsurge in the inflation rate, which the Government aims to reduce further to 2.3 per cent this year from 4.7 per cent in 1985.

Yesterday's modest cut in the central bank's intervention rate, which sets the tone for interest rates across the money market, seems to have resulted from a tacit understanding between French and West German monetary authorities.

The West German central bank last Thursday left its discount and Lombard rates unchanged. In view of large monetary outflows from the Federal Republic, the Bundesbank argued that it was up to the French to make the next move in the latest round of international interest rate cuts.

The Bank of France already cut its intervention rate by ½ point with effect from April 15, but it also increased French banks' minimum reserve requirements to try to guard against overshooting of the monetary target. That complementary tightening has been criticised by some industrial borrowers as preventing companies from benefiting from lower credit costs, as had been hoped in the wake of the devaluation.

The dollar remained weak yesterday as the markets looked nervously forward to the outcome of next week's economic summit in Tokyo. It traded against the D-Mark as low as DM 2.152, but leapt to DM 2.186 when it was learnt that the Bundesbank had intervened to buy dollars. It then fell back to end in London at DM 2.164, over 1½ cents lower than its Friday close. Sterling gained 1¾ cents against the dollar to end at $1.5555, while the Bank of England's effective exchange-rate index rose by 0.5 to 76.4. Against the yen, the dollar traded as low as Y166.55 before settling in London at Y167.15, down 1 yen from Friday's close.

Big French banks cut their base lending rates to 10.1 per cent from 10.6 per cent 10 days ago, but in inflation-adjusted terms, French interest rates for most medium-sized and personal borrowers have still not started to come down.

The D-Mark closed last night in Paris at FFr 3.1870, very close to its new EMS floor of FFr 3.1837 from which it has barely moved in the three weeks since the realignment. The French interest-rate cut had little effect on the foreign exchanges and one Paris dealer said the new French Government was still "groping" with the dilemmas posed by the large inflows of capital.

The five German economic institutes' support for maintaining domestic interest rates, contained in their latest six-monthly assessment of the West German economy, will provide timely support for Chancellor Helmut Kohl and his Finance Minister, Mr Gerhard Stoltenberg, at next month's seven-nation summit in Tokyo. They are expected to come under pressure to follow the recent cuts pushed through by Washington and Tokyo.

The institutes, from Hamburg, Berlin, Kiel, Essen and Munich, admit that such a measure – which the Bundesbank went out of its way to avoid last week – might give extra impetus to economic growth, expected to reach 3.5 per cent in 1986. The US in particular would like to see that.

But they argue that German monetary growth is already above target and far more than adequate to finance the anticipated expansion of the real economy. "If this

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Feature, Page 24; Reagan in Indonesia, Page 26; Money markets, Page 24

Swiss face new call to clean up their banking act

By William Dullforce in Geneva

THE RUMPUS within Swiss banking provoked by the Government's order to freeze the assets of Mr Ferdinand Marcos, the deposed Philippines president, had barely started to die down when last week Mr Pierre Languetin, the president of the Swiss National Bank (SNB), stirred things up again.

The banks, he suggested, needed to tighten their checks against dirty money from abroad.

The Marcos case had exposed a weakness in the convention de diligence, the gentlemen's agreement with the SNB under which the banks undertake not to assist illegal capital exports from foreign countries and to check carefully the ownership of the funds placed with them, Mr Languetin said.

To make the agreement more watertight it would be "desirable to reconsider the role played in this field by people bound by professional secrecy," he told the annual meeting of SNB shareholders.

Mr Languetin's pronouncements are always diplomatically couched and sometimes shadowy but this time his remarks touched the heart of Swiss banking secrecy.

Swiss lawyers and members of the Swiss trustees association invoke legally imposed professional secrecy to avoid disclosing their clients' names. The bedrock of Swiss bank secrecy is the Banking Act, which stipulates that any infringement of secrecy is punishable by a prison sentence and/or fines.

Complementing that professional secrecy is the banks' agreement with the SNB to police their own deposit-taking and fund-managing activities. The agreement is one of the moral shields for Swiss bank secrecy against charges that the banks offer a haven for criminally derived funds from abroad.

Other shields are the Swiss law on international mutual assistance in criminal matters and treaties, such as that with the US, providing for legal assistance in criminal cases – not tax evasion, it must be emphasised.

The SNB has said for some time that it does not want to prolong the gentlemen's agreement with the banks, which is due to expire in September 1987. It has suggested that the obligation to check the sources of funds should be given a sounder legal basis by incorporating it into the Banking Act. The banks oppose that proposal.

A matter that perturbs the SNB is that identification of the true owners cannot be guaranteed when

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CONTENTS

EEC faces heavy cuts to keep its spending legal

BY QUENTIN PEEL IN LUXEMBOURG

CUTS OF Ecu 500m (£320m) this year and Ecu 1bn (£640m) next year will have to be made in EEC programmes to keep spending within th legal limit on Community revenues, EEC finance ministers were warned yesterday.

Even then, the combined needs of the Common Agricultural Policy and the funds for social and regional spending are set to make a nonsense of the ministers' efforts at imposing budgetary discipline on the European institutions.

The squeeze on programmes, spelt out yesterday by the European Commission, seems certain to open a deep divide between member states on whether to cut farm spending, or social programmes, or new policies like the promotion of high technology research.

The 12 finance ministers yesterday failed to agree whether the likely overrun in farm spending—estimated at anything from Ecu 1.4bn to more than Ecu 2bn by the Commission and the biggest item in the bill—should be considered "exceptional" or not.

Unless the excess is classified as exceptional, it will violate the rules on budgetary discipline laid down by the ministers last year. Regular spending programmes have already exhausted th money allocated under that system.

The renewed budget crisis, coming only three months after member states increased their budget contributions from a 1 per cent to a 1.4 per cent VAT ceiling (a theoretical formula based on that percentage in each member state of a common basket of goods and services), is set to come to a head with the presentation of a supplementary budget by the Commission later this week.

Mr Henning Christophersen, the Budget Commissioner, presented figures yesterday suggesting a spending gap this year of Ecu 898m, even after the supplementary budget. That gap could be reduced to Ecu 500m thanks to underspending of some Ecu 400m in 1985, he said. The same figure for the excess of likely spending over the VAT revenues was more than Ecu 1bn in 1987, he said.

The Commission's supplementary budget will virtually exhaust the VAT ceiling for the current year, according to Mr Christophersen's figures: it will include Ecu 1.665bn for Community programmes and a further Ecu 753m for budget rebates for the UK, Spain and Portugal.

The farm spending excess, added to only marginally by last week's farm price fixing, was put at just under Ecu 1.4bn—based on an Ecu-dollar exchange rate of 1.10. The Commission admits that the cost would rise a further Ecu 650m if the current Ecu-dollar rate persists, because of the increased cost of farm export subsidies.

INDUSTRIAL output in the European Community was running more than 3 per cent ahead of a year ago at the end of February, according to the latest figures published by the Commission yesterday, writes Paul Cheeseright in Brussels. Production levels show an increase compared with December and January when output flattened out after the 1985 peak touched in November.

Because production was abnormally high in September, October and November, the longer-term indicator of output levels, matching three months' averages, is slightly down. But the rising trend of output, evident since the end of 1982, is continuing.

Economic package puts Oslo Government in jeopardy

BY FAY GJESTER IN OSLO

A CABINET crisis is looming in Norway over the Government's emergency package of spending cuts and tax increases. Mr Kare Willoch, the Conservative Prime Minister, has warned that his government will resign if the measures are defeated when Parliament votes on them, probably today.

In order to secure a majority, he needs the support of the opposition Labour party and may be forced to increase taxes on share profits in order to obtain it.

That prospect sent share values on the Oslo Stock Exchange plummeting yesterday. They lost a total NKr 1.5bn and all 180 leading companies except Norsk Hydro were down from Friday's levels.

The Government's package, announced just before Easter, aims at partly offsetting the expected steep fall in oil and gas revenues this year. It includes an increase in the petrol tax which the coalition's usual parliamentary ally, the small right-wing Progress party, has refused to accept. Labour's backing is thus vital if a cabinet crisis is to be averted.

Neither Labour nor the Government wants such a crisis now, but the former has insisted that the Government must pay a price for its support. That price is the inclusion of measures designed to put more of the extra tax burden "on the shoulders of those best able to bear it"—to quote Ms Gro Harlem Brundtland, Labour's leader. Her party claims that the rich have become richer, and the poor relatively poorer under the coalition's five-year rule.

Bargaining about changes in the package to make it more acceptable to Labour started last week and continued through the weekend. Labour initially sought an emergency surtax on high incomes, to be effective for 1986 only and to be levied on gross income. This Mr Willoch could not concede and offered to increase the tax on profits from short-term share trading from 30 to 40 per cent, and to extend from two years to three the period an investor must hold shares in order to avoid the tax.

Since Oslo share values have been moving down ever since November and few people are currently making any profits from share trading, the change would not yield much extra revenue, nor would it have the "soak the rich" effect desired by Labour. Late yesterday afternoon its parliamentary group was still considering whether to accept.

Mr Kare Willoch (right): threatened to resign if package defeated

Enthusiasm wanes in Europe for reviving the WEU

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

FOREIGN AND defence ministers from the seven members of the Western European Union meet in Venice this morning amid signs that the revival of their organisation set in train two years ago is fast losing momentum.

Plans to give a new lease of life to the WEU, which involves Britain, France, West Germany, Italy and the Benelux states in treaty arrangements dating from the early 1950s, are being greeted with little enthusiasm by the ministers. The decision to revive WEU as an organ of European security co-operation was taken in 1984.

It was being suggested unofficially yesterday that several proposals designed to give the WEU greater purpose will be shelved at the Venice meeting, which ends tomorrow. In particular, it appears that the ministers are not yet prepared to address the possibility of enlarging it, despite applications by Portugal, Spain, Turkey and Norway to join.

This could bring the ministers into conflict with the WEU's parliamentary assembly which is also meeting in Venice this week and which favours enlargement and a more purposeful image for the WEU as a whole.

Neither are the ministers apparently prepared to give more than a background, informational role to the three WEU agencies which have been reformed and re-staffed in the past year in preparation for a more positive role.

Several delegations to the Venice meeting privately admit their declining enthusiasm for the organisation. Publicly, however, their spokesmen say that it is too early to judge the revival a failure.

There appear to be three principal reasons for the lack of enthusiasm towards the reactivation of the organisation, which was intended to be the vehicle for strengthening European security co-operation within the Atlantic alliance.

Although the revival has always been attended by caution: there was much talk at the Paris and Rome meetings of foreign and defence ministers two years ago of WEU forming Nato's European pillar.

The first problem has been the difficulty of defining what this meant in practical terms, particularly in the light of effective opposition to any such concept from the US, Nato's senior partner. This, is turn, has divided the WEU's members about the advisability of reactivation, reinforcing doubts, in the British Government in particular, about the impact of a strengthened organisation on relations with the US.

The third problem is that a number of governments, led by Britain and the Netherlands, are worried that the newly strengthened agencies of the WEU will duplicate work already being done elsewhere within Nato, or in the case of European armaments collaboration, within the Independent European Programme Group, which by coincidence met at the level of defence ministers yesterday in Madrid.

The ministers' six point agenda for the two-day meeting includes discussion of East-West relations and European security and arms collaboration. It is not yet clear whether they will discuss the problems of security in the Mediterranean and the perceived terrorist threat there, as Italy has proposed.

Allies seek to pool work on new military aircraft

BY DAVID WHITE IN MADRID

DEFENCE MINISTERS of the European members of Nato agreed yesterday to set up a French-motivated study aimed at pooling efforts on military aircraft projects.

However, the original French proposal of a special new body to co-ordinate plans in this field was dropped by general accord among the 13 countries represented, including Mr Andre Giraud, the new French Defence Minister.

Instead the work is to be undertaken within the existing structure of Nato's Independent European Programme Group (IEPG).

Mr George Younger, the British Defence Minister, said it was hoped that some research and overhead costs on the four-nation European Fighter Aircraft and on France's Rafale fighter project could be shared.

He said it had been made clear at the IEPG meeting—the third to be held at ministerial level—that France was not prepared to re-enter the European project alongside the UK, West Germany, Italy and Spain. There ought to be scope for joint work, however, on concepts, materials and technology, he added.

The study is to identify possible areas of co-operation in defining requirements, developing equipment, harmonising standards, and joint testing. National armaments directors are also to be instructed to consider other key areas where the same approach might be applied.

The ministers agreed to press ahead with co-operation in other fields including the follow-up to February's London conference of research and development heads. Another conference is due to be held in France next spring.

They also called for further work on a joint command, control and communications network. A firm decision on a European Data Distribution System is due to be made at their next meeting in early 1987. In the interim, the group is to meet at state secretary level in Madrid in the autumn.

Mr Younger said that the opinion of the US and Canada on this project would be sounded out before a decision

Waldheim's election rival attacks Kohl intervention

BY PATRICK BLUM IN VIENNA

DR KURT STEYRER, the Socialist candidate in Austria's presidential election on Sunday, has sharply criticised Mr Helmut Kohl, the West German Chancellor, for interfering in his country's affairs.

At the week-end Mr Kohl said at a rally of the conservative People's Party, which supports Dr Kurt Waldheim for the presidency, that he was shocked by the allegations against Dr Waldheim. He described the latter as "an old personal friend" and a great patriot, adding that he would know how to vote if he was an Austrian.

Dr Steyrer said yesterday: "I think that at this sensitive stage in the campaign it was not very tactful for Mr Kohl to interfere in Austria's internal affairs." Mr Kohl's predecessors as Chancellor had shown "more tact and greater sensitivity."

He said that any attempts by West German politicians to interfere in Austria's affairs contravened the conditions of Austria's state treaty signed in 1955. This guaranteed its independence after 10 years of occupation by British, French, US and Soviet troops in the aftermath of the Second World War.

Dr Waldheim has been at the centre of an international row following allegations, which he has always denied, that he was implicated in Nazi atrocities in the Balkans during the war.

Dr Steyrer predicted that the election would be very close, saying that Dr Waldheim had only a 2 per cent lead. An independent poll published yesterday, however, shows Dr Waldheim with a 7 per cent lead, enough to give him a chance of winning the necessary absolute majority on Sunday. Failing that, a second round will have to take place early in June.

FAO plea on food surpluses

A SENIOR United Nations official suggested yesterday that funds now used for supporting farm surpluses in Europe be channelled toward development in African countries, AP reports from Istanbul. Mr Edouard Saouma, director-general of the Rome-based UN Food and Agriculture Organisation, told delegates from 29 countries that "the crisis in the north could provide a real opportunity to get to grips with the problem of hunger in the south."

Mr Saouma said Third World exports are sold at unstable and unprofitable prices and face rising protectionist barriers in Europe.

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Greek central bank chief urges easier work and price rules

BY ANDRIANA IERODIACONOU IN ATHENS

THE GOVERNOR of the Bank of Greece, Mr Dimitris Chalikias, yesterday called for a sweeping liberalisation of labour, wage, price, banking and taxation rules to supplement and consolidate the economic stabilisation measures introduced by the Government last October. These were intended to bring down inflation and reduce external and domestic deficits.

He delivered his call in the Bank's annual report on the economy, which is traditionally used to tell the Government unpalatable economic truths.

The report for 1985 urges the abolition of restrictions on lay-offs, of price and credit controls and of profit ceilings. It criticises the system linking wages to inflation introduced by the Socialists in 1981 and thinks wages should be linked to productivity.

Arguments are also advanced against the continued bank financing of the several dozen ailing companies which have been taken over by the state to preserve jobs. It recommends radical tax reforms, partly to eliminate disincentives to investment and work.

The Bank notes that the economy has started to show gradual signs of responding to the October stabilisation measures. They included a 15 per cent devaluation of the drachma, a tight wage policy for 1986 and 1987 and compulsory deposits on about a third of imports.

According to the report Greece's current account deficit in the first two months of this year fell to $488m (£316m) from $737m (£478m) a decrease of 33 per cent relative to the same period in 1985. The improvement, the report concedes, is partly due to an increase in transfers from the EEC and the drop in oil prices. But even excluding these factors, "the adjustment process of the balance of payments is under way."

The consumer price index over the two months rose by 4.8 per cent, which, if seasonally adjusted, corresponds to an annual inflation rate of 16.5 per cent.

The Bank of Greece strongly implies that, given the drop in the oil price, the Government should be able to improve on its targets of a 16 per cent inflation rate, a $1.7bn current account deficit, and a reduction of the public sector borrowing requirement by 4 percentage points relative to GDP for 1986.

Greece is formally bound to meet these targets in order to secure the second tranche of an Ecu 1.75bn (£1.12bn) loan negotiated with the EEC last November to help the country over its balance of payments crisis.

IEA presses for Irish energy saving policy

BY PAUL BETTS IN PARIS

THE International Energy Agency (IEA) has urged Ireland to adopt a comprehensive energy conservation policy particularly in the industrial sector at the same time as continuing its efforts to boost oil and gas exploration.

The Paris-based agency says in a report published yesterday that the conservation remains the weakest point of Irish energy policy. It notes that while Ireland has succeeded in reducing its dependence on imported oil in recent years by developing natural gas use and increasing coal imports, net oil imports are in the longer term expected to increase again.

Net oil imports are currently forecast to rise from 4.23m tonnes of oil equivalent (mtoe) in 1984 to 5.7 mtoe a year by the end of the century. Coal imports are also expected to rise significantly from 1 mtoe in 1984 to 2.74 mtoe in the year 2000. During the same period, indigenous production of solid fuels, mainly peat, and natural gas are both expected to fall at an annual rate of 0.9 per cent and 1.8 per cent respectively.

Alleged Eta leader questioned in France

By Tom Burns in Madrid

THE ALLEGED leader of the Basque separatist organisation Eta, Mr Domingo Iturbe Abasolo, was being interrogated yesterday at the French border town of Hendaye after being detained on Sunday by French police.

Mr Jose Barrionuevo, Spain's Interior Minister, is understood to have requested the detention when he met his French counterpart, Mr Charles Pasqua, at an EEC anti-terrorism meeting last week.

Considered by Spanish police to be Eta's chief of operations, Mr Iturbe Abasolo (42) is one of the last remaining "historic" members of the organisation. A one-time metalworker who fled Spain in 1968, he is suspected of having taken part in the 1973 assassination of Admiral Luis Carrero Blanco, the Spanish Prime Minister.

The Spanish police allege that he presides over Eta's six-member high command and was responsible for ordering a car bomb explosion in Madrid on Friday which killed five members of the Guardia Civil security corps.

Co-operation between France and Spain over Eta began in earnest two years ago when the French Government began to deport Eta members to far flung corners of the world including Ecuador, the Dominican Republic, the Cape Verde islands and Togo.

Among the more than 30 deportees is Mr Iturbe Abasolo's former second-in-command, Mr Eugenio Etxeveste. Continuing the crackdown, a court in Bayonne last month sentenced Mr Etxeveste's replacement, Mr Juan Maria Lasa Mitxelena, to five years' jail in what was by far the stiffest term so far imposed on a Basque separatist in France.

An Interior Ministry spokesman here said yesterday that the Spanish authorities would wait and see the results of the initial interrogation in Hendaye before deciding whether to seek Mr Iturbe Abasolo's extradition.

He is likely to face initial charges in France arising from his disappearance from Tours where he had been confined in 1984 because of his Eta links. For more than a year he is believed to have been living secretly in south-west France.

Foreign correspondents in Moscow branded as spies

BY PATRICK COCKBURN IN MOSCOW

THE SOVIET UNION yesterday put on show Mr Oleg Tomanov, formerly head of the Russian Service of Radio Liberty, the US-backed radio station aimed at the Soviet Union and Eastern Europe. He has redefected to Moscow 20 years after he escaped to the West.

Mr Tomanov, the latest in a string of Soviet defectors who have given news conferences on returning to the Soviet Union, claimed that at Radio Liberty and Radio Free Europe, "propaganda activity is only the tip of the iceberg" and both organisations were used for espionage.

He accused the radio station of recruiting Soviet citizens as spies and he alleged that foreign correspondents in Moscow of being in touch with the Munich-based radio station. This attack appears to be part of a concerted campaign by the authorities against US correspondents in Moscow.

The Soviet press spokesman denied yesterday that any foreign correspondent in Moscow would be victimised by the authorities for holding opinions hostile to Soviet policy.

Mr Tomanov originally came to the West in 1965 when he jumped from a Soviet ship in the Mediterraean and soon after joined Radio Liberty of which he finally became the third rating head. He ascribed his original defection to a wish "to take my future in my own hands and perhaps to a certain egotism on my part."

He would not say why he had decided to redefect, although he claimed his 20 years in the West were a nightmare.

Despite Mr Tomanov's claim that the radio stations are a centre of espionage against the Soviet Union, he was unable to produce much evidence that they are involved in anything more than propaganda.

David Marsh on the problems besetting the US-directed project

Space station flies into turbulence

US, EUROPEAN and Japanese governments and aerospace companies, moving out slowly towards President Ronald Reagan's cosmic goal of building a manned space station by 1994, are trying to navigate round an expanding cluster of problems.

Question marks over funding and the destruction of the US space shuttle Challenger in January, followed by the more recent explosion of an unmanned American rocket, have all combined to cast a pall over the ambitious project.

Additionally, Europe has become more self-confident and demanding in its space relationship with the US. Prof Reimar Luest, director-general of the 11-nation European Space Agency (Esa), said last week that the US should accept that Europe would eventually be autonomous in space.

"Co-operative programmes are now of a diffierent nature than in the past," he said, adding that the US should not look at co-operative ventures "as a means of binding European financial resources to prevent Europe becoming independent too quickly."

The space station plans, announced in 1983, envisages that the US will spend about $8bn, and Europe and Japan around $2bn each, in constructing the orbiting outpost. It would be used for making new materials and pharmaceuticals in almost zero gravity conditions, earth observations and, later on, would serve as a jumping-off base for longer space flights within the solar system.

Nasa, the US space agency, and its counterpart in Europe and Japan have already worked out agreements on the definition stage of the space station. Nasa is seeking competitive proposals from US companies from October onwards for full scale development work to start in May 1987. Esa governments will not decide until next spring on joining in full-scale development, depending on conditions still to be negotiated with the US.

Mr Robert Freitag, responsible for policy and planning at the Nasa space station office, told a recent space conference in Venice that studies were going ahead. But budgetary cuts would force the manned structure, planned to be assembled in space by January 1994, to have slightly less laboratory space than originally planned.

Mr Freitag compared progress on the space station favourably with work on the early stages of the other two big US space programmes of the past 25 years — the Apollo and Space Shuttle projects. "It's amazing that we've come this far without any fundamental slips," he says.

Officials from Esa and from CNES, the French national space agency, believe Nasa is over-optimistic. Recent setbacks could postpone the operating space station start for perhaps two to three years beyond 1994, they say.

Mr Freitag says he has "great hopes" Congress will grant Nasa the $140m it is asking for space station development for the fiscal 1987 year. This is planned to rise to $1bn in 1988, compared with about $195m being spent this year.

But he admits the effect on space station financing of the Gramm-Rudman-Hollings Budget Deficit Reduction Act is impossible to predict. Furthermore, the Challenger disaster poses a dual problem.

European space officials think recent setbacks could postpone the start of the station's operation for perhaps two or three years

Early space station plans envisaged a fleet of up to six shuttles for the early 1990s. Nasa insists the space station could still be constructed on time with the three existing shuttles. But the depleted fleet raises the risk of delays if priority use of the vehicles is given in the early 1990s to military satellite launches and missions linked to the Strategic Defence Initiative (SDI).

Current plans call for ESA and Japan each to supply one pressurised laboratory module for the station, with the Americans building an initial two, down from their original plan to construct four.

Some French officials are upset that Mr Luest last month appeared to back down on a key point by informing Nasa that Europe's Columbus module would be "a permanent part" of the manned base.

France would prefer that Columbus—being built mainly by Italy and Germany—be detachable later on to form part of a future independent European space station. French space planners believe this could be built by 2005—although harder-headed British space officials believe the earliest construction date would be 2015.

Esa and Japan are laying down that their planned Ariane 5 and HII launchers be used along with shuttles to lift components to the space station. This adds to the complex problems of assuring standardisation between the different parts of the structure.

Growing space rivalries between the US, Europe and Japan also threaten discord. The rapid advance in space expertise in Europe, in addition to budget pressures in the US, should give Europe greater bargaining power in space station negotiations.

In the last big collaborative project, the orbiting space laboratory Spacelab, lopsided accords gave the US considerable technical and economic advantages. European officials vow this should not happen again.

The most controversial question, however, surrounds technology transfer. Esa officials criticise the Spacelab programme arrangements under which Europe passed valuable technology in areas like computers to the US without compensation.

Additionally, the Europeans had little control over the process of deciding whether US or European technology should be chosen for Spacelab tasks. One official at the conference said that if the US had made use properly of European technology and systems in certain areas, the Challenger and Titan accidents might have been avoided.

Report on Karmal discounted

By Our Moscow Correspondent

WESTERN DIPLOMATS here say there is no sign that the Soviet Union wants Mr Babrak Karmal, the Afghan leader, removed from power, although they do not rule out the possibility that he is seriously ill.

Mr Karmal's failure to appear at the parade in Kabul celebrating the eighth anniversary of the Afghan revolution fuelled speculation over the weekend about his imminent replacement. Mr Karmal arrived in Moscow on March 30, probably for medical treatment, and Soviet officials have implied that he is still here.

"The Soviets have nothing to gain through introducing a note of uncertainty over the future of Karmal immediately before the indirect talks sponsored by the UN resume with Pakistan in Geneva on May 5," said a diplomat here yesterday.

Soviet press reports have emphasised that the Afghan Government needs to broaden its political base to include traditional tribal and religious leaders. This is in keeping with the overall Soviet strategy in Afghanistan—where it has some 115,000 troops—of holding the line militarily while increasing the political support for the Government in Kabul.

The replacement of Mr Karmal by Mr Sultal Ali Kishtmand, the Prime Minister, or Mr Najibullah, the chief of security, would be a blow to such efforts.

Since Mr Mikhail Gorbachev met President Ronald Reagan in Geneva last year, the Soviet Union has been much more ready to express its desire to withdraw from Afghanistan, but with the key proviso that guerrilla attacks and outside intervention cease.

We're food and drink to people of five continents. Inhabitants of the sixth fend for themselves.

Primitive though they are, most of the population of Antarctica know exactly where their last meal came from.

Which is something that can't be said of the people of the more advanced countries of the world.

In the States they think Baskin-Robbins, one of the world's biggest ice cream chains, is as American as Apple Pie. Which is hardly surprising as it's run entirely by Americans.

But it's owned by Allied-Lyons. A British company.

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The advocaat. Warninks, Holland's biggest producer of advocaat is British owned and it's part of Allied-Lyons.

All over the world people have got into the habit of drinking sherry before, during or after a meal. Hardly the thing to do, eh what?

But we don't mind. The chances are they're drinking Harveys, the world's biggest selling sherry, once again from Allied-Lyons.

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In over 50 countries they don't know, or care, which way to pass the port. But they do know which port to pass. It's Cockburn's.

We could go on.

Allied-Lyons have over 200 brands, many of which are household names in countries the world over. But we're not just sitting back counting the profits, considerable though they are.

During 1985 we invested massively in the business and launched well over one hundred new products worldwide.

Last year we made record pre-tax profits of £219 million and achieved £945 million worth of business overseas, without any help from our flippered friends down there in Antarctica.

Allied-Lyons
GOING ON GROWING

Gandhi expels senior critic from party

BY JOHN ELLIOTT IN NEW DELHI

ɅR RAJIV GANDHI, the ndian Prime Minister, ap-eared last night to have won he first round of a battle with ritics inside his Congress I 'arty after he expelled Mr 'ranab Mukherjee, Finance Ɐinister in the administration f the late Mrs Indira Gandhi, rom the party for six years.

A possible revolt has been uilding up during the past ew weeks, presenting Mr ;andhi with his first party risis since he came to power 8 months ago. It has been or-anised by senior members of ne party who have been dis-nissed or ignored by Mr ;andhi and who fear that their ower bases within the party vill be further eroded when Congress I completes in July its rst internal elections for 14 ears.

Mr Gandhi is in no mmediate political danger ecause his position as Prime Ɐinister and president of the arty is not being challenged. 'he critics merely appear to ave wanted to increase their ower and shake the confidence f Mr Gandhi.

But there is a risk that the roubles could have caused najor problems if they had ontinued into next year when lections will be held for a new resident of India and for egional assemblies in three ey states—Haryana, West ɜengal and Kerala.

Mr Mukherjee was dropped from the Cabinet as soon as Mr Gandhi came to power, along with other advisors and contacts of Mrs Gandhi who have been shunned. He later lost various posts within the party.

He and his supporters, including three other senior figures who were suspended from the party over the weekend, criticise Mr Gandhi's handling in February of controversial oil price rises and a bill he is supporting before Parliament this week which cancels a court judgment that divorced Moslem women are entitled to alimony from their ex-husbands.

Last week the issues came to a head when Mr Kamalpati Tripathi, the party's 82-year-old working president, wrote to Mr Gandhi complaining about the conduct of party affairs. Mr Gandhi went out of his way to try to placate the elderly politician and this appears to have been interpreted by the critics as a sign of weakness which could be exploited while the Moslem Women Bill is before Parliament.

So Mr Gandhi moved swiftly over the weekend with the surprise expulsion of Mr Mukherjee who now has to decide whether to try to fight on within the party or form a breakaway group.

S. Africa bars union men from funeral

By Anthony Robinson in Johannesburg

VISITING FOREIGN trade union officials were among people prevented by police from attending the funeral of a slain black union official in the Tembisa township east of Johannesburg yesterday.

Police sealed off the township after lawyers acting for the Metal and Allied Workers' Union unsuccessfully applied for a Supreme Court injunction to lift restrictions on the funeral of Mr Terrian Kortman, who was killed in township violence last week.

Tension is rising in the union movement before this week's planned rallies in major cities in support of union demands to make May Day a national holiday. Thursday also sees the launch in Durban of a new union linked to the Zulu Inkatha movement, which will be a rival to the recently formed Cosatu federation which has close links to the United Democratic Front (UDF).

The black Natonal Union of Mineworkers (NUM) yesterday confirmed that it is calling all its 200,000 members out on strike on Thursday. This is likely to affect production at 26 gold mines and 13 coal mines.

As President Reagan flies to Bali, **Alain Cass** considers the prospects for his host

Why Suharto's control is vital to region

PRESIDENT Ronald Reagan flies to the island of Bali today, a sanitised holiday enclave which is all that most foreigners see of Indonesia.

His two-day stop-over en route to the summit of industrialised nations in Tokyo is described, a little disingenuously, as the President's first visit to Indonesia. That would be like equating a visit to Goa with one to India or a trip to Puerto Rico with a stay in the US.

Mr Reagan will meet President Suharto of Indonesia and his senior advisers as well as foreign ministers of the six-nation Association of Southeast Asian Nations (Asean) to review the balance of power in this pivotal area of the world where the US sees its traditional pre-eminence challenged by the Soviet Union.

The recent upheaval in the Philippines has, if anything, heightened US concern over the growing Soviet presence in Vietnam and the eventual fate of the American military installations at Clarke Field and Subic Bay north of Manila.

Mr Reagan, fresh from his expedition against Libya, will want to stiffen the resolve of those who wish to accept the situation in Indochina since the US withdrew in 1975 and negotiate an agreement which recognises Vietnamese suzerainty over Kampuchea and Laos in return for a withdrawal of Hanoi's troops.

Mr Suharto: firm grip

Insurgents fighting Indonesian rule in the former Portuguese colony of East Timor have produced documents, including what they claim is a captured military map, purporting to show a level of guerrilla activity that contradicts Indonesian accounts of reducing the resistance movement to a few demoralised bands, AP reports from Lisbon. The Revolutionary Front for an Independent East Timor has fought a guerrilla campaign since Indonesia invaded in 1975 following the breakdown of Portuguese colonial rule.

Foremost among those will be President Suharto, his host in Bali. He takes an intensely practical view of relations between the Asean group and the marxist states of Indochina and regards Indonesia's non-aligned status as the sheet anchor of its foreign policy despite being virulently anti-communist.

If Mr Reagan had time to leave his island tourist-trap and visit the rest of this sprawling archipelago, which end to end is as wide as the US, he would understand why.

Indonesia, with 165m people, is the world's fifth most populous nation and its 13,000 islands straddle Asia's vital seaways between Japan and the oil fields of the Middle East. It nationalism in the 1950s and 1960s under President Sukarno, when foreign policy fluctuated wildly and erratic economic management left the country virtually bankrupt, Indonesia has begun fulfilling its huge potential.

President Suharto, in power for 20 years, has governed with a shrewd mixture of political guile, sound economic management and ruthless military discipline. Helped initially by soaring oil prices, he has been able to buy off criticism of his authoritarian regime with is, at the same time, enormously powerful and intensely vulnerable.

After a period of rabid economic growth.

The ruling elite—primarily the military and their dependants—and a growing middle-class have benefited from the oil boom and now form part of an unbreakable web of support for the regime.

Indonesia has gone from being the world's biggest importer of rice to self-sufficiency in five years. It has slashed its population growth and is laying the foundations of an industrial society. Regionally, the country has emerged as an important diplomatic power after its early period of belligerency under President Sukano and its more recent isolation.

But there are many reasons why Indonesia remains vulnerable, and President Suharto feels the need to retain a firm grip at home and avoid confrontation abroad.

The most serious problem is the recent fall in oil price which has had a dramatic effect on the country's spending power. Nearly 70 per cent of Indonesia's foreign exchange comes from oil and gas, and for the past three years the Government has introduced successively harsher austerity measurles as the price has fallen further than even the pessimists predicted.

For every dollar drop in the oil price Government receipts fall by more than $300m. This year, the state budget was cut for the first time in 17 years. With 1.5m new job-seekers coming on the market each year, a depressed industrial sector and millions still living at subsistence level the regime cannot afford a prolonged economic recession.

President Suharto must also watch his political front. His position is unassailable, and he seems set to stay in power for another term after his present one ends in 1988. The Government party, Golkar, is almost embarrassingly successful as the army and the bureaucracy close ranks to support it.

However, dissent is increasing and the Government feels the need to deal with it harshly. Press freedom is steadily being choked while nonconformist political movements are firmly discouraged.

Potentially the most serious long-term threat is from Moslem fundamentalists. Although still insignificant, surprising for the world's biggest Islamic state, Moslem opposition to the relatively permissive nature of Indonesian society and the rampant corruption in government is growing and could upset what has, so far, proved a model of growth and stability in the developing world.

60 YEARS OF EMPEROR HIROHITO

Japan marks longest reign in its history

BY JUREK MARTIN IN TOKYO

'ITH A mixture of genuine ·spect, mild indifference and ›me controversy, Japan today ›mmemorates the 60th year of ıe reign of Emperor Hirohito, :e longest imperial rule in ıpanese history, either re-›rded or mythological.

The principal event will be a ›vernment-sponsored ceremony Tokyo's sumo wrestling adium, the Kokugikam. The nperor is a considerable fan Japan's traditional sport, ıich he views in person at the ree Tokyo tournaments a year om the imperial box.

Emperor Hirohito

Today is, in fact, not the ıniversary of his accession but s birthday—his 85th—and is national holiday in any case, ıe first in the three within a)-day span that make up olden Week when the nation 'kes a collective breath from s accustomed industry.

Japan is not gripped by any ıood of national fervour or elebration, such as has marked otable anniversaries, royal nd otherwise, elsewhere in the 'orld. Special gold coins are eing minted and commemora-ve stamps put on sale at post ffices, but it is far from clear ' even these are going to be in reat demand.

The main explanation for this ; that the Emperor is, as a con-titutional monarch, now seen y most Japanese, excluding the ar left and right, as simply a art of the national landscape.

He certainly commands none f the awe and veneration that 'as associated with his god-like tatus before his dramatic radio nnouncement on August 15, 945, that the war had de-eloped "not necessarily to our dvantage."

A succession of recent polls as shown that well over 80 per ent of the population are per-ectly content with the Emperor s the symbol of the state. But ıey have also found that at ast half those surveyed have o personal feelings about Iirohito himself at all.

Popular attention, certainly in the Press, is now mostly focused on who his grandson — the 26-year-old Hiro — might marry, much as it was in 1959 on the wedding of his heir Crown Prince Akihito to the commoner, Miss Michiko Shoda. There had been speculation in the Japanese popular Press that the Emperor could use the occasion of his anniversary today to abdicate in favour of the Crown Prince but this was resolutely denied by the Imperial Household Agency.

Some controversy does centre on the timing of the celebrations. The Emperor actually inherited the throne on Christmas Day, 1925, on the death of his father, the Emperor Taisho, and was formally invested on November 10, 1926. His 50th anniversary was indeed celebrated on November 10, 1976.

Critics of Mr Yasuhiro Nakasone have charged that in choosing the Emperor's birthday for the commemoration the Prime Minister was trying to influence public opinion for electoral purposes. It is said that the combination of the imperial celebrations, the economic summit next week and the visit of Prince Charles and the Princess of Wales from May 8 onwards would put the nation in the sort of good mood on which Mr Nakasone could capitalise if he chooses to call a general election in June.

Israeli foreign debt falls

BY LYNNE RICHARDSON IN TEL AVIV

ƧRAEL'S net foreign debt ropped by $600m to $19.3bn t the end of 1985 putting an nd to the consistent upwards piral that started with the 1973 il crisis.

The country's foreign debt ad been around $3bn up to 972 before oil prices rocketed. ince then, Israel's economy has ıffered from hyperinflation and ıe cost of two wars, as well as drain on reserves because of nsuccessful fiscal policies.

However, since the austerity rogramme initiated by the National Unity Government headed by Mr Shimon Peres, the economy has stabilised, the latest report from the Central Bureau of Statistics shows.

According to the report, a number of factors contributed to the drop in foreign debt last year. There was a 51 per cent increase in transfer payments to Israel from abroad and an improvement in the balance of payments of some $800m. The export of goods was up by 7 per cent and total imports dropped by 4 per cent.

S. Korean students burnt

BY STEVEN B. BUTLER IN SEOUL

'WO South Korean students esterday lay in critical condi-.on in a Seoul hospital after ousing their bodies with petrol nd burning themselves during n anti-government demonstra-.on near Seoul National Iniversity.

The students joined in a pro-est against compulsory military raining for students. They 'arned from the roof of a three-torey building that they would burn themselves unless police halted their advance against student demonstrators. One of the students leapt from the roof in flames as police attempted to grab him.

Police reported the arrest of 123 students who were said to be preparing to occupy the university library. Police also said they confiscated petrol bombs, hammers, clubs, and piles of anti-government literature.

AMERICAN NEWS

$1.2bn scheme to rebuild Madison Square Garden

BY PAUL TAYLOR IN NEW YORK

MADISON Square Garden, the midtown Manhattan arena which has played host to such political legends as Franklin D. Roosevelt and John F. Kennedy, sportsmen like Muhammad Ali and rock bands like the Rolling Stones, is to be pulled down and rebuilt as part of a $1.2bn (£780m) redevelopment plan unveiled by "the Garden's" owners, Gulf Western.

G & W has announced plans to rebuild Madison Square Garden above a railroad storage yard two blocks west of the present site on West 33rd Street. The new arena, which is expected to cost between $150m and $200m and be financed by outside investors will seat up to 22,000 people and be "the most technically advanced" entertainment complex in North America.

If approved the new centre would be the fifth to bear the name. The first Madison Square Garden was built in 1874 on 26th Street by P. T. Barnum, the circus legend, who called his showplace the monster classical and geological hippodrome.

G & W, which also owns the Garden's two professional sports franchises, the New York Rangers hockey team and the New York Knicks basketball team, maintains that the current centre is poorly built and badly designed.

If the redevelopment plan wins city and state approval — G & W maintains both New York Governor Mario Cuomo and New York City Mayor Ed Koch are "enthusiastic and supportive" — the current Madison Square Garden building would be razed.

In its place G & W plans to build a massive retail and twin-tower office complex above Penn Station which itself would be rebuilt.

G & W estimated that the project will generate an additional $1bn in city and state tax revenues and that construction, due to begin late next year, would generate 5,800 jobs. The new Madison Square Garden would be opened in late 1990 with the redevelopment of the old site due for completing in 1994.

Dominican ruling party candidate tipped to win poll

BY CANUTE JAMES IN KINGSTON

MR JACOBO MAJLUTA, the candidate of the incumbent Partido Revolucionario Dominicano (PRD), is being favoured to win next month's presidential election in the Dominican Republic, according to public opinion polls commissioned and published by the newspapers El Nacional and Hoy.

The lead established by Mr Majluta indicates that the social democrat PRD has successfully overcome the recent internecine fighting—which included a wild West-style shoot-out in a Santo Domingo hotel—to select a candidate.

The fight within the party over the candidate to replace President Salvador Jorge Blanco, who is not standing for re-election, had boosted the chances of veteran politician Mr Joaquin Balaguer, a former president and leader of the conservative Partido Reformista Social Christiano. The latest polls show Mr Balaguer has 31 per cent of the likely votes to Mr Majluta's 39 per cent.

The election, set for May 16, will take place amid a growing economic crisis in the Spanish-speaking Caribbean republic of 6m people.

US tobacco companies suffer court setback

By Terry Dodsworth in New York

THE long-running US court battle over the health hazards of smoking took a new turn yesterday when a judge in Boston, Massachusetts, ruled that the warnings on cigarette packets do not protect tobacco companies from product liability lawsuits.

The decision, by Judge David Mazzone in the Boston district court, is the first significant victory for US anti-smoking activists in several months. It comes after several moves to bring the tobacco companies to trial have been thwarted, and reverses a ruling on the warning notices made in the Philadelphia Federal Appeals Court only a few weeks ago.

Tobacco stocks, which had soared on the Philadelphia decision, were immediately knocked back in early trading yesterday, with Philip Morris shares falling by $12 to $62¼, and R. J. Reynolds' by $1 to $44⅞.

Despite this cautious reaction by the markets, the Boston judgment was seen yesterday as another preliminary skirmish in the anti-smoking battle, rather than a conclusive decision.

Judge Mazzone's ruling was made on a lawsuit filed by the heirs of Mr Joseph Palmer, a Massachusetts resident who is alleged to have died of cancer after smoking four to five packs of cigarettes a day. The judge said that juries were free to find that reasonable manufacturers would have included stronger warnings in addition to that required by federal law.

Productivity rises 3.4% in first quarter

Productivity in the US non-farm business sector rose at a seasonally adjusted annual rate of 3.4 per cent in the first quarter of the year, according to the Labour Department, Reuter reports from Washington.

UN holds on by thin financial thread

BY OUR UNITED NATIONS CORRESPONDENT

THE VIABILITY and integrity of the United Nations are under threat by the worst financial crisis ever to hit the organisation, Mr Javier Perez de Cuellar, Secretary General, said yesterday as the General Assembly began an emergency debate on the problem.

"It arises principally, though not exclusively, from disregard for obligations flowing from the charter and from lack of agreement among member states on the purposes for which the United Nations should be used, and on the support to be rendered by each member state to ensure its effectiveness," he said.

Total arrears at March 31 were $742.87m (£470m), $176.85m of which were contributions outstanding for prior years.

Eighteen member states, including the US and the Soviet Union—which between them contribute 37 per cent of the total UN annual budget of $830m—have withheld part of their contributions because they disapprove of the use made of the funds.

The US contributes far more than any other member because its gross national product is the highest. However, there is an influential body of opinion in the US that believes the 25 per cent or $210.27m—it used to be 3 per cent—is too high and should be reduced to 20 per cent. The Congress's Gramm-Rudman deficit-reducing legislation has already resulted in a $70m cut in the US contribution.

President Ronald Reagan has ignored the argument that the Congress's action is a violation of UN charter obligations. When Mr Perez de Cuellar went to Washington last month to plead with him for a restoration of the cuts the Secretary-General received short shrift at a meeting that lasted only 25 minutes.

According to the Secretary-General's report, only 14 countries were fully paid up by March 31. Those in arrears included the following major contributors: Britain $25.5m, China $7.39m, France $4.35m, Italy $26.54m, Japan $36.54m, Spain $14.21m, South Africa $27.56m, Soviet Union $129.7m, US $253.8m, and West Germany $28.57m.

Pleas to the administration by the European Community members have also been ignored. UN officials acknowledged that a large element in the crisis is the low esteem in which the organisation is held in the host country.

The current negative mood among many Americans was not improved by debates in the Security Council this month, when speaker after speaker denounced the military action against Libya. Even such a generally loyal friend as Thailand voted for a resolution to condemn the US raids on Tripoli and Benghazi.

About three-quarters of the UN budget goes for staff costs. Worldwide, there are 11,800 officials and ancillary staff on the UN payroll and the US has long complained that they are paid too much—up to 40 per cent more than American civil servants, according to one estimate disputed by the UN—and do toolittle. Mr Perez de Cuellar is said to have replied to the question: How many people work at the UN?—"About half."

Talk is a major activity of the UN and a cause of criticism by many of the principal donor countries is its propensity for duplicating debates in several overlapping bodies created to deal with a particular subject—for instance, southern Africa or the Middle East. Delegates also have a costly habit of choosing cities away from New York for their special conferences, ignoring facilities available at the headquarters and greatly increasing servicing costs.

Among proposals Mr Perez de Cuellar has made to save money is a three-week reduction to 10 weeks of the extraordinarily wordy UN General Assembly. That has already met opposition, as has another proposal of his to reduce the number of free air fares for delegates to attend general assemblies.

The Secretary General has called on UN staff to make sacrifices, but the smaller states that rely so heavily on the UN evidently must make sacrifices also if the organisation is to remain viable.

MAJOR CONTRIBUTORS TO UN BUDGET
1986 total $830m

	$m	% of total
Britain	34.84	4.1
France	44.61	5.3
Italy	26.54	3.2
Japan	75.92	9.1
Soviet Union	82.79	10.0
US	210.27	25.3
W. Germany	57.85	6.9

Source: UN

Caribbean economies set to grow next year

BY CANUTE JAMES

THE troubled economies of the Commonwealth Caribbean, which have been adversely affected by low demand and weak prices for their major commodity exports, are unlikely to show any meaningful improvement this year, according to the Caribbean Development Bank in a report on the region's economic prospects.

However, the bank said in its report on the region last year and its forecast for next year: "Economic growth should gain momentum in 1987 if the projected increases in the output of industrial countries materialise."

The CDB, based in Barbados, provides project financing for its 17 members in the region. Most of its funds are provided by non-borrowing members and non-members, including the US, Britain, Canada and France. Its resources, hard and soft, total over $753m.

The CDB said its forecast for more significant growth in the Caribbean next year was based on indications that economic adjustment programmes implemented by some of its members "... will take time before bearing fruit."

The bank also anticipates that the region's economies will be assisted by the fall in petroleum prices, a trend towards falling interest rates and consequential additional growth in the international economy.

"The medium to long-term prospects, however, will be dependent on the steps which borrowing member countries take to shift from such declining sectors as traditional agriculture, towards growth-oriented sectors for which the region has a comparative advantage," the CDB said.

It listed the sectors for possible growth as tourism, non-traditional agriculture and other service industries.

Reviewing last year, the CDB said the overall rate of economic growth in its borrowing member countries had slowed, and that, like 1984, the growth was unevenly spread among countries and sectors.

Among the adjustments of last year to which the CDB pointed were changes in the parity of some currencies. It said the value of the Guyana dollar had been moved from 27 US cents in September 1984 to 24 US cents at the end of last year.

In the 12 months ending November 1985, the value of the Jamaican dollar moved from 21 US cents to 18 US cents, while in December 1985 the value of the Trinidad and Tobago dollar fell from 42 US cents to 28 US cents.

Reviewing the major economic sectors, the bank reported that sugar output in the English-speaking group increased 5.7 per cent over 1984, to reach 772,896 tonnes. "Production increased substantially in Jamaica, St Kitts-Nevis, and Trinidad and Tobago, and declined in Barbados and Belize."

The bank reported crude oil production increasing in Trinidad and Tobago and Barbados last year, but the former "... was likely to remain depressed ... because of the recent and prospective declines in the price of oil."

The region's tourism improved last year, the CDB said, and this growth is likely to continue this year.

Laxalt may seek presidential nomination

By Stewart Fleming in Washington

SENATOR Paul Laxalt, a Nevada Republican who is a close political friend and ally of President Ronald Reagan, has hinted that he would like to join the long list of contenders for the Republican Party's presidential nomination in 1988.

In an interview in Time magazine, Senator Laxalt (63), who is retiring from the Senate this year, is quoted as saying that if the Republican Party has a viable candidate he will back him but "if not I'll look at the situation very carefully."

Senator Laxalt rejected the idea that he was already a candidate. But when asked if his position could be described accurately as "passive availability," he said that that was "a very good description."

Speculation about possible presidential ambitions by Senator Laxalt has long been rife in Washington. Mr George Will, the influential Washington Post political columnist earlier this month described him as not just waiting in the wings but "actually pacing restlessly and pawing the dust."

Many conservative Republican's would see the right-wing Senator, who President Reagan last year sent as his personal emissary to then President Ferdinand Marcos to press for urgent reforms in the Philippines, as the politician who could most effectively ensure that President Reagan's political philosophy lives on when Mr Reagan leaves the Oval Office.

Were he to declare his candidacy he could weaken in particular Vice President George Bush's prospects.

Senator Laxalt, however, is not without his political liabilities. His political base is Nevada, a thinly populated state. Another potential problem is the libel suit he is fighting against allegations that organised crime was skimming money from a casino in Nevada in which Mr Laxalt had the larger share.

Paul Taylor continues his series with a look at NCR's strategy for growth

Striving to break out of the 'Bunch'

NCR, the 101-year-old grandfather of the cash register business, is behaving more like a sprightly teenager in the computer industry than the staid, near-insolvent mid-Western group that it once was.

By popular Wall Street acclaim, NCR, with its solid balance sheet, a growing cash mountain and enviable earnings record, is the best of the "Bunch"—the acronym describing the non-IBM US mainframe makers.

But Mr Charles Exley, NCR's 56-year-old chairman and a former Burroughs executive vice-president recruited to the Dayton, Ohio-based group in 1976 to help sort out NCR's finances and map out the group's future, wants more than Wall Street's accolade. Mr Exley is searching for the formula that, he hopes, will bring the fast growth which has eluded NCR for so long. Now he thinks he has found it.

The group has adopted a strikingly different strategy from most of its US mainframe manufacturing rivals, one which, among other features, emphasises "embracing industry standards where they exist and creating new ones where they don't" and offering a full line of products — from personal computers up to mainframes — built around standard chips and its proprietary metal oxide semi-conductor (MOS) technology microprocessors.

The result has been a torrent of new products — more than 180 last year alone — mostly aimed at specialty markets like NCR's traditional transaction-orientated banking and retail markets, and others like manufacturing, public safety, health-care transportation and office automation.

NCR has also developed a micro-electronics semi-conductor business and a flourishing data communications products operation while continuing to update equipment like point-of-sale terminals and automated teller machines designed to serve the requirements of the group's retail and financial customers.

Arguably, NCR had a head start over its mainframe rivals in devising its strategy, in part because the company was never really like them. NCR's roots, as a specialist supplier to the retail and bank markets, meant that the company was a relative latecomer to the general purpose mainframe business and has never been as dependent as its competitors on mainframe sales.

Indeed Mr Exley fairly bristles at the term "Bunch company" which he argues is both obsolete and misleading, especially when applied to NCR. "We get classified as a Bunch company mostly for convenience," he growls. Last year only 14 per cent of the group's $2.411bn in equipment and software sales—which in turn represented just over half its total revenues—came from mainframe machines.

NCR's traditional market strengths have also meant that its computer products have historically been orientated towards real-time "on line" applications like payments and withdrawals. These transaction processing systems till account for the majority of NCR's systems revenues—and the group's recent mainframe product offerings continue to emphasise these applications. However, NCR is also looking to other new products and markets to help fuel its growth.

The foundations of NCR's current strategy were laid down in a series of key decisions taken over the past decade by Mr Exley, and his predecessor, Mr William Anderson, who stepped down as chief executive three years ago and retired as chairman a year later.

NCR was faster than most of its rivals to spot the impact of personal computers and micro-processors on the industry. As a result, the group introduced the Worksaver line of Word-processors, based on a Convergent Technologies machine, in 1982, the same year that it took its still-controversial step of introducing its first personal computer.

Together with the highly successful Tower series of 32-bit Supermini computers which run the industry standard Unix computer software operating system, these product lines have represented a springboard "platform" for NCR's push into office automation.

The group also realised at an early stage that it had to learn to live with IBM and needed to provide equipment that could communicate with IBM machines. In 1979 NCR acquired Comten, IBM's main rival in communications processors, the data communications "traffic" directors that stand between mainframes and the terminals.

Wall Street industry experts like Peter Labe of Drexell, Burnam, Lambert describe the Comten acquisition as "spectacular." Not only is the Comten business believed to have grown rapidly and generated significant profits for its parent, but it has also given NCR skills in data communications and major advantages in understanding how to "fit products and systems into an IBM environment."

In addition, while NCR has made a virtue of using basic "commodity" chips, components and peripherals from outside suppliers, it has concentrated its own research on metal oxide semi-conductors. While MOS technology is slower than the more traditional technologies, it allows more circuits to be packed into a smaller space. NCR's leadership in this technology — and particularly the development of its proprietary 32-bit semi-conductor chip set—has given the company several key advantages.

In particular, like the Comten acquisition, it has opened up a new market for the company. Eighty per cent of NCR's microprocessor production is sold outside rather than used internally—for example, NCR sells the 32-bit chip set to rival Sperry.

Equally important, NCR has used its microprocessors as the basis for a new generation of low to mid-range modularly expandable mainframes called the 9000 series. Since the introduction of the 9300 model in 1983, described by NCR as "the first business orientated 32-bit mainframe" machine, NCR has expanded the line with three more models, including the 9800 unvelled earlier this month and described by NCR as "an evolutionary, if not radical step in the development of mainframe computers."

Using its own chip technology and modular, multiprocessor architecture, NCR has borrowed concepts both from the micro computer industry at one end and the parallel processing super-computer makers at the other.

The result is a mainframe-power machine that breaks up the functions of the traditional monolithic number cruncher into a series of steps handled by seperate and smaller processors working together.

In the case of the top-end model 9884 introduced this week, 12 processors are hooked up together to provide mainframe power at lower cost. NCR promises further, even more powerful additions to the range. "The 9800 provides a clear indication of NCR's future direction in mainframe computer development," Mr Exley says. "We are using our technology base in semi-conductors, systems architecture and software to move beyond the cost, performance and design constraints of present computers."

Indeed the new generation of NCR systems symbolises the group's conviction that the future of the data processing industry lies not so much in giant mainframes — though NCR accepts such machines have a role where centralised databases are a necessity and admits it would like a bigger share of that market, too — but in expandabale microprocessor-based systems which are able to offer mainframe power at much lower costs.

"The challenge," says Mr Exley, "was to find a way to bridge the big economic gulf between the cost of mainframes and the cost of personal computers."

By using MOS chip technology to keep costs down and multiple processors working together to increase power, NCR believes it can deliver that promise. Thus NCR hopes it can encourage existing customers to migrate up the new range while attracting other users by offering features like expandability, the ability to service the equipment while it is in operation and inherent fault-tolerance.

NCR's chairman describes the industry as being at "a technology crossroads." But he also believes NCR is at a crossroads of its own. The group has consistently outperformed its rivals, except IBM, in terms of profitability. Over the past decade NCR's operating profit margins have averaged 12.5 per cent, but revenue growth rates have been slow, lagging those of its competitors.

NCR's compound annual growth rate in the 1980s has been 6.2 per cent, well under the industry average of 14.5 per cent, held back by economic sluggishness, NCR's shifting strategy and the strong dollar (because of the group's heavy reliance on overseas sales). Mr Exley admits: "We have never had a sustained period of high gorwth." But he adds that "the opportuntiy is now there."

Wall Street analysts tend to agree, but they have to be finally convinced, noting that NCR will still face a struggle to regain its lost momentum and cautioning that some of the group's new operations, including personal computers, have still to become profitable. Some also express concern that NCR may be trying to do "too much at once."

However, analysts saw promise in NCR's 12 per cent revenue gain and strong order bookings in the 1985 final quarter and believe that the continuing flood of new products could help NCR sustain double-digit revenue growth this year. Indeed NCR outshone most of its rivals in the otherwise sluggish 1986 first quarter, posting a 15 per cent earnings gain on revenues which grew by 14 per cent, paced by strong European orders.

But even Mr Exley concedes NCR may not remain immune from the industry-wide slowdown. He told shareholders at the group's annual meeting earlier this month that, in view of the comments of other industry executives, "We must allow for the possibility that these gains may not be sustained."

If NCR does manage to stay on its growth course, earnings should accelerate because of the group's rigid expense control and strong financial management. In any event, Wall Street investors seem to be betting the group's management and new strategy can get NCR back on to the fast track. Last year they pushed up NCR's stock price by 56 per cent, almost double IBM's 1985 per cent share price gain and more than double the 27 per cent increase in the Standard and Poor's 500 index.

For the moment, Mr Exley has yet to fully deliver on his 1983 pledge to make NCR "a brilliantly successful" company. But if he has got the strategy right this time he could succeed in busting NCR out of the Bunch.

NCR – THE KEY FIGURES
$m

	1986 (1st qtr)	1985 (1st qtr)	1985	1984	1983	1982	1981
Revenues	946.3	957.7	4,320	4,070	3,730	3,530	3,430
Net profit	58.23	43.6	315.2	342.6*	287.7	234.4	208.2

* Includes a $30.6m non-recurring tax credit.

IN THE SHADOW OF IBM

WORLD TRADE NEWS

Taiwan progress on import barriers slow, say critics

BY BOB KING IN TAIPEI

TAIWAN has embarked on a long-term programme to lower import tariffs and dismantle trade barriers, but the pace and the scope of changes are limited.

Talks between Taiwan and the US, which has been pushing the hardest for import liberalisation, have resulted in major improvements, although these have not been as extensive as the US would like, said an American economic analyst.

The improvements included lowering tariffs on about 100 items from a list of 192 which the US presented as offering good potential for American suppliers.

Taiwanese officials insist they are doing their best to lower trade barriers. They point out that changes are being prompted as much by the growing realisation that protecting home-grown industry hurts economic development as by the pressure from major trading partners with which the island traditionally runs up sizable trade surpluses.

The Ministry of Finance says the average nominal tariff rate on about 2,000 items imported from 120 so-called preferential nations – which include the US and most European countries – dropped from just over 31 per cent in 1980 to 26.5 per cent in 1985 and close to 23 per cent this year.

The so-called effective tariff rate, a weighted average factoring the total tax paid with the total value of goods imported, dropped by 11.7 per cent in 1974 to 7.62 per cent so far this year, and officials predict it will fall further to 5 per cent within five years. Taiwan also reduced tariffs on 1,058 items last year compared with 231 the year before. So far in 1986 it has dealt with another 777 items.

Critics argue that in many cases the cuts are too small to make much impact on imports.

De facto import bans irritate many businessmen. For example, Taiwan has for some years banned imports of certain high-value consumer goods such as video-tape recorders, largely to protect its own industries. (The ban on VTRs will be lifted this summer, however.)

For many more years, its tobacco and wine monopoly has refused, with sporadic and short-lived exceptions, to import name-brand American and European wines and beers, and it has imposed extremely high duties and mark-ups on the exceptions.

Later this year, the monopoly will begin buying American wine and beer as well as widening distribution channels.

At the heart of the resentment are Taiwan's continuing trade surpluses with most of its major trading partners. Total two-way trade of $50.8bn last year left Taiwan with an overall surplus of $10.6bn. Improved exports, combined with lower prices for crude oil – the nation's largest import item – will probably push the surplus for 1986 even higher. During the first quarter, foreign-exchange reserves held by the central bank had topped $25bn.

Taiwan's export-oriented industry certainly is not about to stop exporting, and major importing nations are probably not going to stop buying from this island. About the only way, then, to cut into the embarrassingly-high annual surpluses is for Taiwan to buy more from overseas, and especially from those nations such as the US where its trade surpluses are stupendous. The best way to accomplish that, Taiwan's economic planners have decided, is to cut tariffs.

Pacific rim countries to act on trading rights

BY NANCY DUNNE IN WASHINGTON

PACIFIC rim countries have recently taken several steps to protect the intellectual property rights of their trading partners as a result of changes made by the US Congress last year in a programme giving trade preferences to developing countries.

According to investigators from a House energy and commerce subcommittee, who plan to publish their findings in a few weeks new provisions in the US Generalised System of Preferences (GSP) programme have already had an impact, although the new rules will not go into effect until Janary 1987. The provisions would deny GSP privileges to countries which do not liberalise trade and fail to discourage such practices as counterfeiting and patent abuse.

The investigators cited advances in the following areas:

- Taiwan, where they found progress in guaranteeing patent rights and opening markets to imports.
- Hong Kong, reported to have instituted strict anti-fraud and counterfeiting laws as well as minimal tariffs. Staff members said they had seen "an impressive collection of seized goods including Apple and IBM computers, video games, apparel and medicinal products."
- Singapore, which is drafting new copyright legislation.

The committee staff members warned that many trade problems still exist with the Pacific rim countries. They found lower, but still unnecessarily high tariffs in Taiwan, little progress on Japan's promise to allow freer sale of US tobacco products, and loopholes in the US steel import programme which allow Japan and Korea to exceed their quotas by importing through Thailand and the Caribbean countries.

Opportunities for foreign energy equipment groups will be limited, reports **Robert Thomson**

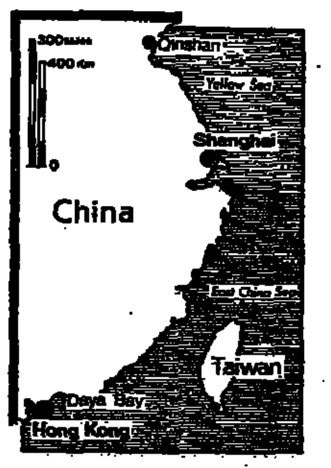
China tries to master the nuclear arts

NOW THAT China has basically decided to push on alone in developing nuclear power, the country's nuclear future rests on a small strip of coastal land, 120 km south of Shanghai, where large Chinese characters have been written on the face of an excavated hill side: "To build a strong country, build nuclear power plants."

The place is Qinshan, where China's first self-made nuclear plant is under construction with as little help as possible from foreign nuclear companies, some of which had once estimated the nuclear technology market here to be worth up to $20bn.

In past months, the central government has scaled down ambitious plans for 10 nuclear power stations by the end of the century. The number of stations now depends on how quickly China can master the art of nuclear technology, as the Government has decided the price of imported stations is beyond its means.

Qinshan—intended to be 300 MW though Chinese nuclear industry officials are pushing for expansion to 1,500 MW—has been a long time in the making. The $300m plant was approved on



February 8, 1970, but delayed by the chaos of the Cultural Revolution (1966-76) and by the vacillation of the Chinese Government.

At a meeting with foreign journalists, Qinshan officials also admitted that the Three-Mile Island accident in the US in 1979 had slowed progress and had forced the shelving of plans to relocate the plant closer to Shanghai.

Work eventually began on the power station in March 1984. The projected completion date is December 1988, though foreign experts say long delays should be expected. The reactor tower has been built so far to 31 metres high in the excavated site, about 200 metres from the beach.

China yesterday called for an end to curbs on its exports to the European Community which it said held back sales while imports from the EEC boomed, Reuter reports from Peking.

The Peking Review said China's imports from the EEC last year increased more than 50 per cent over 1984 to $5.24bn (£3.5bn). Exports to Community countries rose only 2.3 per cent to $2.19bn. The magazine called on the Community to classify China as a developing country and said Peking could only buy more from the EEC if it could export more.

China's Ministry of Nuclear Industry is confident of getting approval for another 600 MW reactor and has plans for another 600 MW reactor, but the first of those reactors is still under review by the central government, as is the country's whole energy strategy.

However, it is certain that the opportunities for foreign companies will be far more limited than had been envisaged up to even a few weeks ago. The only exception is the 1,800 MW Daya Bay plant in southern China, for which France's Framatome and Electricite de France and Britain's GEC already have agreements to supply equipment.

A planned 2,000 Mw plant at Sunan, to the north of Shanghai, has been postponed indefinitely, to the frustration of Framatome and West Germany's Kraftwerk Union which had been negotiating with the Chinese for several years.

Qinshan plant officials gave conflicting information on the foreign content of their project. Mitsubishi of Japan is to supply a reactor vessel Framatome will provide neutron flux and computer technology, while Italian, Swedish and West German companies will supply fire-resistant cable and pumps.

In all, the foreign contribution is estimated at just $50m, a stark contrast to the Daya Bay plant, for which the imported reactors and turbines will cost China an estimated $1.7bn.

The assistant director of Qinshan, Chen Puzhi, said the site was chosen because, by Chinese standards, the surrounding area is sparsely populated, seismically safe, and has an ample supply of the water needed for the water-pressurised reactor, which is Chinese made but closely modelled on a Westinghouse design. The plant's nuclear waste is likely to be shipped to Xinjiang in the Far West.

Officials estimated that 500 people live within a 1 km radius of the plant and about 300,000 live within a 30 km radius. Those officials made the rare admission that residents in the area have expressed fears about plant safety.

Many Chinese are aware of the Three-Mile Island accident, one senior manager said, while others "are afraid that it will explode." The provincial government and nuclear ministry have embarked on a public relations drive to convince residents that their fears are unfounded.

Whether Qinshan is ultimately a 300 MW plant or a 900 MW plant or even a 1,500 MW plant will depend on the fluctuating nuclear mood of Peking's powerbrokers and on the skills Chinese technicians are supposed to acquire during this first stage.

Canadian airline rivalry intensifies

By Bernard Simon in Toronto

STRONG rivalry for international air routes between Canada's two leading airlines has been revived by the rapid expansion of traffic to the Far East.

Air Canada, the state-owned carrier, has launched a campaign to break the Government-sanctioned monopoly on trans-Pacific routes to Australasia, south-east Asia and Japan held by Canadian Pacific Air Lines, a subsidiary of the Canadian Pacific Transport and Industrial Conglomerates.

Mr Michel Fournier, vice-president for international passenger marketing, said that Air Canada was especially keen to begin services to Seoul, which is not served by CP Air.

Travellers between Canada and South Korea now have to change planes either in the US or Japan.

Mr Fournier indicated that Air Canada may also be interested in providing flights to Osaka, Taipei, Manila, Jakarta and Kuala Lumpur.

International routes from Canada have traditionally been divided by the Government between Air Canada, CP Air and charter airlines.

Air Canada is the main carrier to Western Europe and the Caribbean. The authorities in Ottawa, however, are moving towards deregulation of both domestic and international routes.

Wardair, an Edmonton-based airline, was designated last year as the second scheduled carrier to Britain.

CP Air said it might be willing to face competition from Air Canada across the Pacific if it were given traffic rights on some of the state airline's lucrative trans-atlantic routes, including Paris, Frankfurt and London. CP Air's European services are limited to Amsterdam and the Mediterranean.

CP Air will launch a major expansion of its Asian services this week. It will introduce daily flights between Vancouver and Tokyo, begin the first direct flights between Canada and China (to Shanghai) and increase frequencies on its Hong Kong route.

The Vancouver-based airline resumed flights to New Zealand last autumn, and plans services to Peking, Bangkok, Singapore and Seoul.

Air Canada gained a toehold in Asia last year by extending its European services eastwards to Bombay and Singapore. The airline argues that while its six Canadian scheduled and chartered airlines provide 150 flights a week across the Atlantic, CP Air lays on only 19 trans-Pacific flights a week.

Air Canada is to introduce a weekly flight between Toronto and Manchester as part of an expansion of its trans-atlantic services. It will also start a daily service from Calgary or Edmonton to London. Existing daily flights from Vancouver to London will all be non-stop.

Toshiba lifts offshore production of chips

BY CARLA RAPOPORT IN TOKYO

TOSHIBA, one of Japan's leading electronics companies, is joining the growing ranks of Japanese groups which are stepping up offshore production to shelter from the effects of the higher yen and international trade friction.

The group yesterday confirmed that it will double its output of 256K dynamic ram chips in Malaysia to 1m units a month this autumn and quintuple its West Germany production from about 400,000 units a month to around 2m by July.

The company said yesterday that the main reason for the transfer of production offshore was the higher yen. "It's crushing us," said a Toshiba executive.

Second, and almost as important, the move protects Toshiba from the effects of recent anti-dumping duties approved in the US on 256K Dynamic rams imported from Japan.

Toshiba's decision follows similar moves by leading Japanese companies, including NEC, Hitachi and Matsushita.

Toshiba would not say whether jobs would be lost in Japan. The expansion in West Germany, it said, would not create jobs.

The investment to increase production in Malaysia and West Germany, it said, will amount to "a few billion" yen. (Y1bn is now worth nearly $6m.)

It will ship partly-made chips to its offshore production sites, as opposed to switching complete fabrication to those sites. Toshiba would not make public its market share in the US, but said it was smaller than those of NEC and Hitachi.

It added that the moves would hopefully allow it to maintain its US market share in spite of the recent anti-dumping moves.

Safeway stores planned

SAFEWAY, THE US supermarket chain, is extending its operations in the Middle East. It plans to open its first store in Cairo in August and a second some time next year, Our Cairo Correspondent writes.

It already has two outlets in Saudi Arabia and another in Kuwait. There are also plans for a first Safeway supermarket in Jordan.

Investment in the Cairo projects will total about $14m (£9.3m) provided by a group of local investors. Safeway is supplying managerial and technical expertise, and intends to market local products under the company logo.

"There is tremendous potential in Egypt in terms of consumer demand, and nobody else can compete with what we will be offering," said Mr Raymond Patterson, Safeway's representative in Egypt.

Turkey and EEC agree textiles deal

By Maggie Ford in Ankara

TURKISH TEXTILE producers have won favourable concessions on the volume of exports to be allowed into the European Community under an agreement reached with EEC officials in Brussels.

The agreement, which is to last for three years, has the backing of the Ankara Government, according to Mr Mahir Barutcu, under secretary at the Department of Treasury and Foreign Trade.

Exporters will be allowed rates of growth in the volume of textiles sent to the EEC ranging from 3 per cent to 6 per cent a year over the three years.

T-shirt exports will rise this year to 33m garments, compared with 25m in 1985, and a 5 per cent growth level has been agreed in this category. Shirt exports will go up from 13m garments in 1985 to 14.5m this year, and a 3 per cent growth rate will be allowed. Rates of growth on bed sheets will be 6 per cent, with 4.5 per cent on sweaters and 4 per cent on ladies' blouses.

Although Turkey was happy with the EEC agreement, Mr Barutcu said the textile industry was still running at only 60 per cent of capacity because of protectionism in other markets.

Negotiations with the US, where Turkish textiles exports were worth $80m (£53m) last year, were proceeding but with no sign of success, he said.

Akzo and Du Pont may be near deal

BY LAURA RAUN IN AMSTERDAM

AKZO, the Dutch chemicals and fibres group, and Du Pont, of the US, may be edging towards a legal settlement of their decade-long battle over patents involved in their respective aramid fibres.

Enka, Akzo's synthetic fibres subsidiary, indicated yesterday that it hoped Du Pont would seek another meeting to discuss an out-of-court settlement following failed talks in London on April 22.

The Dutch company also said it would wait a month to decide whether to appeal an adverse court decision delivered on April 24 in Richmond, Virginia, declaring one of Akzo's patents invalid.

Aramid fibres are extremely strong, heat resistent and light weight and can be used in a variety of products including bullet-proof vests, high-performance tyres and aerospace parts. The worldwide market is estimated at billions of dollars.

Du Pont has been making its aramid fibre, called Kevlar, for some years while Akzo plans to begin commercial production of its twaron fibre at the end of June following several delays.

Azko has reacted with much more reserve than in the past to the Richmond court decision, the second US setback in the past year for the Dutch company following a US import ban imposed by the US International Trade Commission (ITC).

Akzo did not use the vitriolic language used in reacting to the ITC import ban imposed last autumn and may be worried about the court decision's damaging effect on the appeal of the ITC ruling.

The Dutch company is fighting another US court case in Wilmington, Delaware.

Because of Akzo's weakened position it would prefer that Du Pont seek the next meeting to discuss a possible compromise in which compensation would be paid for the use of respective patents.

The failed negotiations in London were held at the request of Du Pont and both sides expressed a willingness to meet again, according to Enka.

Akzo and Du Pont are waging court battles over their disputed patents in seven countries.

In the Richmond case Akzo asked the court to declare valid its patent for a solvent called NMP calcium chloride. A ruling in favour of Akzo could have resulted in Du Pont having to pay Akzo for the use of the solvent in making Kevlar.

Du Pont officials said that the court had ruled Akzo's patent invalid on the basis of the previous information available to the industry outside the Dutch company's patented process.

Vietnam alters foreign investment law

By Chris Sherwell, South East Asia Correspondent

VIETNAM'S communist government is radically altering its law on foreign investment and anxiously seeking additional Western economic assistance, a delegation of British members of parliament has learned.

The eight-man delegation, members of the House of Commons Select Committee for Foreign Affairs, visited Hanoi and Ho Chi Minh City for three days earlier this month as part of a South East Asian tour. It was the first official British team to go to Vietnam in several years.

Two members said privately that the Hanoi Government was making some "extraordinary un-Marxist gestures" in economic policy, and one said these indicated that Vietnam was in "desperate need" of help.

The team, led by Sir Anthony Kershaw, the committee's Conservative chairman, was shown a draft law on inward investment, plans for which first surfaced publicly late last year.

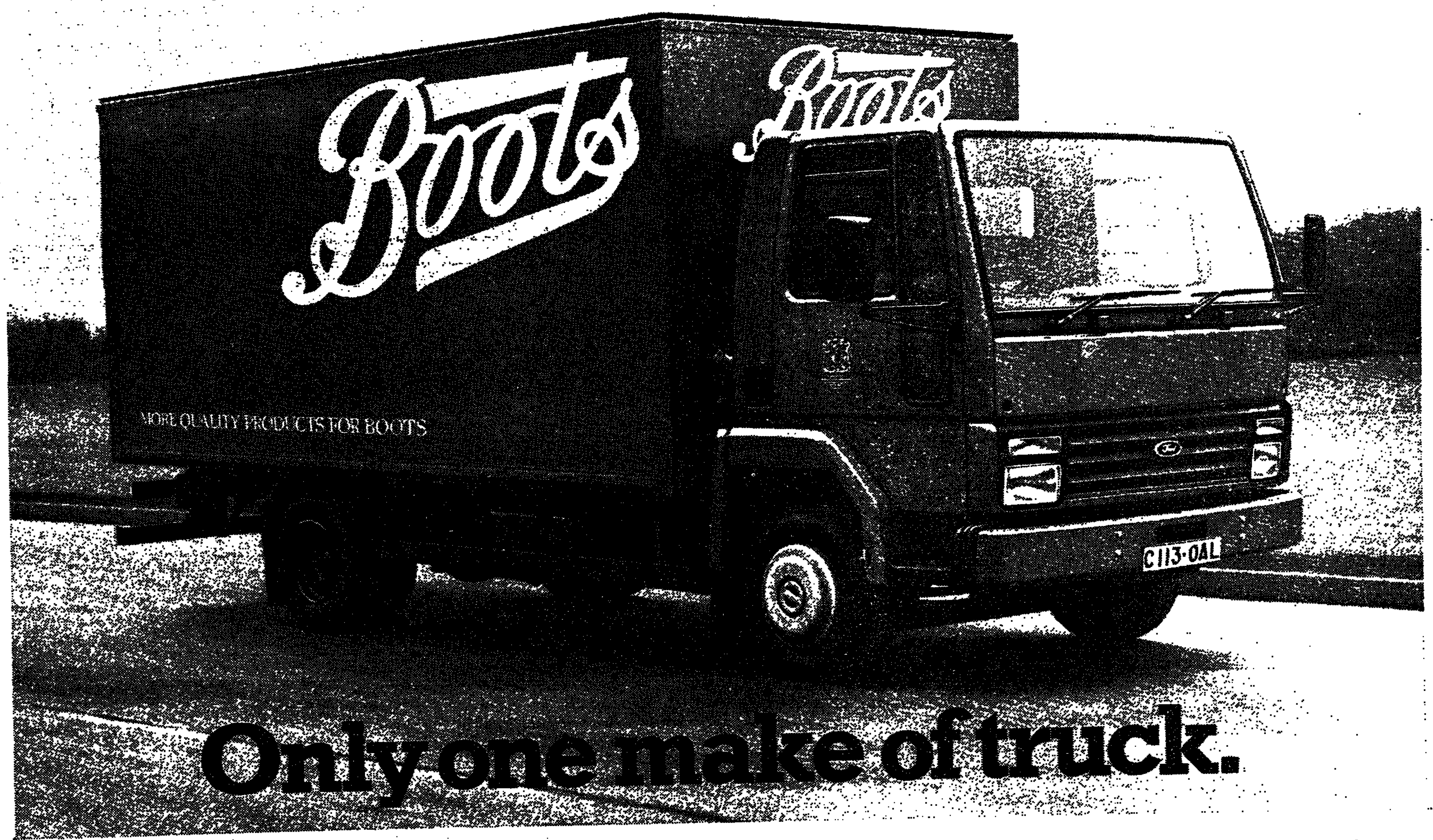
The draft law is said to offer 10 per cent ownership to foreign investors, rights to repatriate all profits, a guarantee against nationalisation, free movement in the country and non-interference in labour.

Marconi wins Eutelsat order

MARCONI Space Systems of the UK, as part of a consortium with Aerospatiale of France, has been chosen by Eutelsat, the European satellite organisation, to supply three communications satellites, the first to be launched in 1989, writes Michael Donne.

Marconi will supply the communications system for the satellites with options for five more. The deal will be worth up to £75m to the UK company over the next few years.

45,000 lines.



Only one make of truck.

Graham Marson, Distribution Manager of The Boots Company, has just achieved one of his aims: the company truck fleet is totally Ford.

"When I took over, we ran four different makes," he says, "But nothing matched up to the Cargo.

We operate across the range, from 7.5 to 32 tonners."

Boots trucks visit all their retail branches in the Midlands, in all weathers, every working day. (Distribution in the rest of the country is handled by independent hauliers.)

"We regard the Cargo as a very reliable vehicle," says Marson, "It has to be. We don't carry spare trucks, and we can't afford to miss a delivery.

Transport is becoming a more and more important part of retailing.

I believe the successful retail company of the 90's will be the one that uses distribution best.

The Cargo's maintenance and fuel costs are very reasonable. And we can get spares at the drop of a hat.

The Cargo is very satisfactory on driver comfort. And it's good to look at: we want smart vehicles outside our shops making deliveries.

We see reliability and quality as advantages of The Boots Company and we demand them of the tools we use.

The Cargo does what it's asked to do with efficiency and reliability.

And that's exactly what you want."

Ford

FORD CARGO

5·7-34 TONNES

UK NEWS

Lucy Kellaway and Tony Jackson on the rise of an obscure Welsh company

Papermaker builds from basics

LAST WEEK an obscure Welsh packaging company with the undistinctive name of David S. Smith became one of the largest paper manufacturing and processing groups in the UK.

Three years ago David S. Smith was a loss-making cigarette carton manufacturer, contending poorly with a shrinking market, at war with a dissatisfied workforce, and with sales of barely £5m.

Since then it has pulled its house into order and made a series of ambitious acquisitions, each one doubling the size of the company. The £74m bid launched last Wednesday for St Regis, the UK paper and packaging concern that was bought out by its management less than a year ago, was by far the most daring yet.

The new group will be capitalised at about £150m, have sales of about £200m and will be the fourth largest paper manufacturer in the UK. It will also be a leading maker of corrugated cardboard, with about 15 per cent of the UK market, and in addition to the original cigarette-carton business it will have toeholds in specialist markets.

The merger is part of a much-needed process of rationalisation in a tough market. Demand for corrugated board in the UK has been static for a decade, and the market is afflicted by a degree of overcapacity which, if anything, is getting worse.

In such a market it is essential to be a low-cost producer, and it helps to be big. The new group will be among the three largest in the market. Its 15 per cent market share probably makes it joint second with UK Corrugated (a three-way joint venture between the Irish group Jefferson Smurfit, Macmillan Bloedel of Canada, and Assi of Sweden), behind the 18–20 per cent held by Reed.

The architect and builder of the group is Mr Richard Brewster, formerly finance director of Giltspur, the industrial services group taken over by Unigate in 1981. Frustrated at being part of a large group, he decided to strike out on his own.

The paper and packaging industry may have seemed an odd one for him to have chosen, especially as he had no particular expertise in the field. But Mr Brewster explains: "It was a sector that had had a good time and then had suffered badly. It was not regarded as sexy, and there were bargains to be had."

He believes that as long as companies can be made to work efficiently they will do well, but that efficiency in a competitive market requires heavy capital investment.

The first step was to find a quoted company in which he could acquire a strategic stake fairly cheaply. David S. Smith, which had an aging chairman who wanted to sell his 30 per cent holding, seemed a suitable target, and with City of London backing he bought the stake in August 1983 for £750,000.

Bad industrial relations, unimaginative marketing and reluctance to invest were among the causes of the company's difficulties. Mr Brewster, capitalising on the company's skills in cutting and creasing cardboard, has started selling to the food industry, has committed £2.5m to buying new Japanese carton printers, has cut overheads and has improved morale.

The first acquisition, made a year later, of Western Board Mills, was less in need of Mr Brewster's intensive-care treatment. The company, also based in Wales, is a specialised manufacturer of board, used in the inside of shoes and the back of televisions, and because of its low cost base, has become the biggest manufacturer of its kind in the UK.

However, under new ownership, Western's horizons have been widened, and it has started to export to the US and Europe.

However, it was not until the acquisition of Abbitrin, itself the spur for the St Regis deal, that the present structure of the group began to emerge.

Abbitrin, a highly efficient manufacturer of corrugated cardboard, is one of the industry's recent success stories. It was started in 1972 by four former Bowater managers who perceived that the big manufacturers were ill equipped to deal profitably with small orders.

Using Italian and Japanese equipment, Abbitrin boasts that it can make money out of orders worth less than £100, and over the past 10 years has secured 5 per cent of the UK corrugated market.

Given Abbitrin's success in the area, the acquisition of St Regis, a big corrugated board manufacturer, seems to make industrial sense. St Regis has twice Abbitrin's capacity, while Abbitrin has more work than it can manage.

"Parts of the St Regis operation are standard, long-run – dull even – that is where we can help them," says Mr Brewster.

Its is the other main plank of St Regis, paper mills, that has been generating most of the company's profits. While other UK paper mills have gone bankrupt, St Regis has continually invested in new machinery, and claims to produce as cheaply as anyone in Europe.

Moreover, its paper, which is converted into corrugated, will provide Abbitrin with a stable long-term source of supply. That might be particularly useful in the near future.

Barring waste-based paper of the kind made by St Regis, the basic material for corrugated, known as kraftliner, is imported.

Shah says City likely to back more titles

BY RAYMOND SNODDY

THE BOARD of News (UK), publisher of Today, the new colour tabloid newspaper, will next month consider plans for expansion and the launch of several national newspapers.

Expansion is being considered because several large organisations, City of London institutions and corporate groups are believed to have approached News (UK) to discuss the possibility of investing.

Mr Eddie Shah, chief executive of News (UK), confirmed yesterday: "We are now working on plans for new newspapers and are actively discussing funding for these with several investors, many of whom have approached us directly."

A planning group has been set up within News (UK) to work on a series of titles to be launched within the next 12 months. Mr Shah is determined to try take advantage of what he sees as the opportunity opened up by Today, the first electronically produced national colour newspaper in the UK.

Mr Shah emphasised that he would only press ahead with new papers when he was satisfied that Today, which he said was selling more than 600,000 a day, was firmly established. Advertising revenue for the first month was £2.66m net.

● Mr Tony Rosser, one of the pioneers of free newspapers, has called in the receivers at his company Free Newspapers, which has 10 titles with a total circulation of more than 400,000. The group is said to have debts of more than £8m.

Clampdown on groups which fail to file returns

BY ALICE RAWSTHORN

THE DEPARTMENT of Trade and Industry (DTI) yesterday launched a campaign to clamp down on companies that fail to file their annual accounts and returns.

An advertising campaign will run in national newspapers for the next few weeks, paired with a more aggressive stance from the Companies Registration Office (CRO) in taking action.

"In the past company directors have tended to take a fairly casual approach towards filing accounts and returns," said Mr Stephen Curtis, the registrar for England and Wales.

"The campaign is intended to remind them that failure to file is a criminal offence and that the DTI intends to take it much more seriously."

There are just under 1m companies in England and Wales – 98 per cent of them privately owned – which are obliged to file annual accounts and returns.

Private companies are obliged to file accounts within 10 months of the end of their financial year and returns six weeks after their annual meeting. Public companies have to file accounts within seven months and returns within six weeks.

Throughout the 1970s there was a gradual deterioration in companies' efficiency.

Since then the situation has improved, chiefly because the CRO has been more diligent in monitoring the rate of return. It now sends "reminders" to companies a month or so before the accounts or returns are due.

UK NEWS

Hambros and Mann in agency merger

By David Lascelles

THE UK's largest estate agency is to be created through the merger of Bairstow Eves, the subsidiary of Hambros, and Mann & Co, one of the country's first publicly quoted estate agents.

The new group, which will be 61 per cent owned by Hambros, will be structured specially to supply the broad range of financial services house-buyers need.

The merger is to be achieved through a complex deal by which Mann will acquire Bairstow Eves and then itself be acquired by Hambros. The acquisition of Bairstow will be accomplished through the issue of 26.8m Mann shares on terms which have already been accepted by Hambros and by Bairstow's management, which owns just over 20 per cent of the equity.

This deal is being underwritten by Morgan Grenfell at 350p a share, giving it a value of £93.7m.

At the same time, Hambros will offer to buy 40 per cent of the Mann shares owned by Mr J. M. Agace, the chairman, and Mr P. H. Locke, the chief executive, Mann's largest private shareholders, and 60 per cent of the shares owned by the public.

These will be financed by an issue of 15.8m new Hambros shares, underwritten by Guardian Royal Exchange at 260p a share, giving this part of the deal a value of about £41m.

The result will be a company in which Hambros owns 61 per cent, Mann's management 11.2 per cent, Bairstow Eves' management 10.3 per cent, the Guardian Royal Exchange 2.5 per cent, and the public 15 per cent.

Hambros has decided not to go for total ownership in order to leave the management with a stake in the new company, and to preserve a Stock Exchange listing so that Mann/Bairstow Eves shares can be used to finance acquisitions of further estate agencies. These will be initially in the Midlands and Bristol, west of England areas where representation is thinnest.

Mr Charles Hambro, the chairman of Hambros, said the deal reflected the view that the retail market place revolution was just as important as the changes in the wholesale financial markets in the City of London.

Approval likely for £800m BP gasfields

BY DOMINIC LAWSON

THE GOVERNMENT is expected next week to give the go-ahead for an £800m plan by British Petroleum to develop two North Sea gasfields about 30 miles off Humberside, north-east England.

The fields Cleeton, and Ravenspurn, contain about 1.3 trillion *(million million)* cu ft of gas, equivalent to about 4 per cent of UK proven reserves. Gas is likely to start flowing from the fields into the British Gas network by the fourth quarter of 1988.

The BP plans are likely to be hailed by the Government as a sign that oil companies are still prepared to go ahead with big developments, even when their revenues are falling as a result of the halving of the oil price.

Last week Shell announced that it was scrapping a £2.5bn plan to develop the Gannet cluster of oilfields in the North Sea. But in February, Conoco said it would press ahead with a £650m project to develop three North Sea gasfields.

Gas projects have not been hit as hard as North Sea oil developments, since British Gas's price paid to the oil companies is only about 50 per cent linked to the price of oil products. British Gas is thought to be offering BP a price of about 25p a therm for gas from its new gasfields. But when the fall in oil prices has worked through the lag in the British Gas contract, the price is likely to come down.

Although the BP development will be warmly greeted by the Department of Energy, the project has shrunk to half the size originally claimed by BP in 1984. Then BP was conducting a vigorous campaign to convince the Government that the UK had enough undeveloped gas to do without the $30bn of *Norwegian gas that British Gas was* then proposing to import. Last year the Government accepted this argument and vetoed British Gas's deal.

As part of its campaign, BP in March 1984 revealed that it would develop four North Sea gasfields which it claimed contained 2.5 trillion cu ft of recoverable gas, and which could be brought into production by 1987. BP claimed that it would be a £1.3bn development which would create 7,000 jobs. BP named the four fields as Cleeton, Ravenspurn, Hyde and Hoton, after four Yorkshire villages which had disappeared as a result of coastal erosion.

North Sea oil jobs, Page 13

Prison officers discuss next move by union

BY PHILIP BASSETT, LABOUR EDITOR

THE GOVERNMENT told leaders of the Prison Officers' Association (POA) yesterday that further talks with the Home Office could not take place while officers maintained their current industrial action over manning levels.

Following talks with Mr Douglas Hurd, Home Secretary, the POA executive met to consider the union's next move – facing a choice between calling off further action to allow talks to begin, or intensifying it. The meeting was continuing last night.

The talks with Mr Hurd were held following a suspension of the POA's programme of fresh national industrial action, although some action was still continuing at three prisons – Swansea, where a go-slow was in force; Gloucester, where officers were refusing to man Worcester Crown Court; and Nothallerton youth custody centre, where officers were refusing to admit new prisoners.

Mr Hurd said after the meeting that he had told the POA he was "deeply concerned" that industrial action was continuing in several prisons.

He gave clear backing for moves by prison governors to reduce their operating costs, and in particular spending on officers' overtime.

Early City trading starts with a yawn

By Clive Wolman

THE EARLY-MORNING trains into London's Cannon Street station were fuller than usual. The proprietors of City of London breakfast bars were surprised to discover queues building up when they first opened their doors.

The offices of brokers and jobbers were buzzing with activity well before eight o'clock in preparation for their morning meetings and telephone calls.

But when the Stock Exchange opened its doors yesterday at the new, earlier time of nine o'clock, trading began with a whimper. The reason was that the large institutional fund managers, who control most of the orders for buying and selling stocks and shares, failed to share the enthusiasm of the brokers and jobbers for early rising.

Yesterday was the second time that the opening hour for the gilts market has been moved forward. And some of the brokers and jobbers are worried that if the opening hours are moved forward any further they will have to give up their out-of-town homes and move into Central London. "There are just no trains that can get me in before 7.50 am," said one.

Several blamed the introduction of the nine o' clock opening on the pressures and aggressive competition from US securities houses – who favoured the move.

It was the London and International Financial Futures Exchange (LIFFE), in response to pressures from Asian and European investors, that asked the Stock Exchange to open half an hour earlier to permit the earlier trading of its futures contracts on long-dated Government securities and the Financial Times Stock Exchange 100 share index.

Mr Michael Jenkins, chief executive of LIFFE, said that about 8 per cent of the day's trades in these two contracts took place in the first half-hour before 9.30, although it was impossible to say how many of the trades would have taken place any way. "We cannot afford to ignore the increasing interest in the gilt market, particularly from the Far East," he said.

Trustee Savings Bank given court clearance for flotation

BY RAYMOND HUGHES AND DAVID LASCELLES

THE TRUSTEE Savings Bank (TSB) has won the High Court declaration it was seeking to allow its planned £1bn flotation to go ahead.

Mr Justice Scott yesterday held that depositors in TSB England and Wales had no legal claim to its assets beyond a right to be repaid, with interest, their deposits.

The case was brought by the TSB in an attempt to speed a legal verdict on claims that the bank was owned by its depositors which have already pushed the flotation back from the original target of last February.

Now, subject to whatever appeal may be launched, yesterday's ruling points to a possible autumn flotation for the bank.

The judge also said the bank's assets were held, subject to statutory provisions and to the bank's rules, on trust to provide for repayment, with interest, on deposits.

This was something less than had been sought by the bank, which had asked the court to hold that depositors had no rights in the assets beyond *a contractual right to repayment* of their deposits, plus interest.

Sir John Read, TSB chairman, said: "We are pleased the case has been decided in our favour and we will be meeting the Treasury to discuss the way ahead."

The Rev John Vincent, a depositor whose opposition to the plans to reorganise the TSB prompted the bank to go to court, said the case had only half been decided in the bank's *favour*.

"Depositors retain an interest in the assets and the Treasury must think twice before declaring the flotation," Dr Vincent said.

The Treasury said it was studying the judgment and had no comment at this stage.

Dr Vincent may appeal. The judge gave leave for any appeal to go straight to the House of Lords.

The intention is that any appeal will be heard, probably in June, in conjunction with a possible appeal in a similar case brought unsuccessfully in the Scottish courts by Mr James Ross, a depositor in TSB Scotland.

The Scottish appeal court, rejected Mr Ross's claim that the bank was owned by its depositors.

The TSB reorganisation, envisages the transfer on a vesting day to be appointed by the Treasury, of TSB England and Wales, and its sister institutions in Scotland, Northern Ireland and the Channel Islands, to new companies.

The shares of those companies would be held by a new holding company, some of the shares of which would be offered to the public.

Dr Vincent was disturbed by what he saw as a change in the character of the bank – from a philanthropic institution concerned with the interests of its depositors, to a commercial bank operating for *the benefit of its shareholders*.

The judge said that, until 1828 *surplus assets of the TSB had been* returnable to depositors. In that year, a new act had provided that surplus assets could not become payable to depositors, and subsequent acts had been drawn on that basis.

The TSB was not an ordinary corporate bank, and the relationship with its depositors was different from that of an ordinary bank.

TSB depositors could, in the last resort, control the management through removal of the trustees who managed the bank.

The depositors were entitled to be supplied with the TSB's latest audited accounts, and could appoint a commissioner to examine the bank's affairs.

Those statutory provisions recognised a relationship going beyond the contractual relationship between a depositor and an ordinary bank.

Accordingly, since 1828, TSB depositors had been entitled to regard the bank's assets as held upon trust to provide for repayment of their deposits with interest.

Sir John will be seeking a meeting within a week with Mr Ian Stewart, the Treasury minister responsible for the sale of the TSB, to discuss the next steps. The TSB has been keeping its launch machinery oiled, and could come to market within three months of a go-ahead being given.

Labour calls for new union link

BY PHILIP BASSETT, LABOUR EDITOR

MR ROY HATTERSLEY, Labour's deputy leader, yesterday mapped out in the party's clearest terms so far what it sees as its new relationship with the trade unions in the run-up to a general election.

Mr Hattersley's comments, in a speech to the annual conference of the shopworkers' union Usdaw, come in the wake of a series of statements by prominent union leaders suggesting the need for workers to exercise voluntary self-discipline over pay rises, in order to boost employment and increase the chance of Labour winning the next election.

Some leading Labour figures, viewing the unions as an electoral liability, have been suggesting that the party should minimise as far as possible its links with them. But Mr Hattersley said that an extension of the Labour-union policy was "essential" both for a Labour victory and for the success of the Labour government which would follow it.

He stressed, however, that neither partner should dominate. The Government has made much of what it sees as the unions's overweening influence on the party.

Mr Hattersley rejected the old form of complete and often mutually unsatisfactory interdependence between the labour movement's two wings: "I will not ask the unions to accept policies to which they are opposed as a *quid pro quo* for a Labour government implementing policies which it knows to be wrong.

"You scratch my back and I'll *scratch yours' is not an adequate* philosophy on which to base the policies of a great reforming government."

Instead, the two sides had to agree on priorities and work out how they could be achieved. Employment would be first on the agenda. Other programmes and policies – including wages – would have to take their place "further back in the queue."

Labour and union leaders privately recognise that part of the *success of the Conservative Government's* attitude to employment law, for instance, has been its step-by-step approach.

Pollution safeguards planned for water sale

By Richard Evans

THE GOVERNMENT moved yesterday to meet some of the main objections to the privatisation of the water industry by announcing plans for strict environmental safeguards, including the establishment *of an inspectorate to monitor* pollution control.

The proposals, announced in a Green Paper *(consultation document)*, follow fears expressed by trade unions, Labour MPs and other opponents of privatisation that strict environmental standards may be relaxed once water supply is sold to the private sector.

The scheme for an inspectorate, one of a wide range of recommendations, is designed to ensure that ministers retain overall responsibility for national environmental policies and that the privatised water companies act in the public interest.

Inspectors would advise the Environment Secretary not only on *how effectively the new Water Service* Public Limited Companies (WSPLC) monitor water quality and control pollution by others, but also on their own performance as abstractors of water and dischargers of effluent.

The document proposes that quality standards for natural waters, at present imposed voluntarily by the regional water authorities, should be given statutory backing. There are also proposals to ensure that the companies allow boating, fishing and other recreational activities to continue.

Present plans for the privatisa*tion of the water industry, the most* contentious of the Government's lengthy list of privatisation plans, are for legislation to be introduced in the autumn at the start of the next parliamentary session.

The 10 water authorities in England and Wales would, under the terms of the bill, be taken under government control and then be sold separately.

The hope of ministers is that up to five authorities, probably starting with Thames, the largest, will be in private hands before the next election. At least £5bn should be raised by the sale of the first five.

UK NEWS

Europe's growth forecast to exceed inflation

BY GEORGE GRAHAM

GROWTH in the main European economies this year will exceed the inflation rate for the first time since 1989, according to DRI Europe, the economic forecasting group.

The group expects growth in 1988 to be over 3 per cent, driven mainly by consumer spending, and inflation to fall significantly below 4 per cent by the end of the year.

Inflation will gradually rise back to 4 per cent in the European economies, DRI says, since most of the impact of lower oil prices on the inflation rate is only temporary. Countries which normally enjoy low inflation will see price falls, it says.

In the UK, DRI forecasts that growth will slow from last year's rebound after the miners' strike to a still buoyant rate of 2.3 per cent. The Government, by comparison, forecasts 3 per cent growth.

A further slowing in real gross domestic product (GDP) growth to 2 per cent is predicted by DRI for 1987, mainly as a result of an acceleration in inflation from the end of this year. DRI expects inflation to average 4 per cent in 1986, before rising to 4.8 per cent in 1987 and 5.3 per cent in 1988.

DRI believes improved competitiveness from the lower exchange rate and higher market growth from the oil price fall will mean that export growth will slow in 1986 by less than had been expected. But last year's loss of competitiveness will delay the main improvements in export growth until 1987 and 1988.

West German inflation is forecast at 0.3 per cent for 1986 as a whole, dipping to 0.1 per cent deflation in 1987 before returning to 1.9 per cent inflation in 1988.

Inflation is expected to fall to 3.4 per cent this year in France and to remain steady at 3.3 per cent next year and 3.4 per cent in 1988. Italian inflation is forecast at 6.9 per cent this year, 6.1 per cent in 1987 and 6.2 per cent in 1988.

DRI Europe, 30 Old Queen Street, London SW1H 9HP.

BT plans premium film cable channel

BY RAYMOND SNODDY

BRITISH TELECOM is to launch a premium film channel for cable television this summer.

BT, which has been gradually expanding its cable interests as others such as Thorn EMI have backed out, announced the plan yesterday at the Cannes film festival.

Agreement in principle has been reached with UIP, the international distribution arm of the American film studios MGM/UA, Paramount and Universal, to supply films for the channel.

The launch of the new BT channel means that there will be competition again in the provision of premium film channels for UK cable.

Last month, Mr Robert Maxwell, publisher of Mirror Group Newspapers, became controlling partner in Premiere and announced the closure of his film channel MirrorVision.

BT is already a substantial shareholder in Home Video Channel (HVC), which offers a low-cost film service by avoiding the cost of hiring satellites and delivering cassettes to cable operators.

Mr Gunner Rugheimer, chairman of HVC, and Mr Adam Singer, managing director, will run the new channel which, like HVC, will be delivered to cable operators by security van. "We spend the money on the films, not on transportation," Mr Rugheimer said yesterday.

Mr Colin Browne, chief executive of BT's cable television operations, said the channel would be clearly differentiated from HVC and this would give cable operators the possibility of a two-pronged marketing approach.

In March, BT took a one-third stake in the Childrens' Channel. It also has an interest in four of the new multichannel cable networks, including a majority stake in Coventry Cable and 100 per cent ownership of Swindon Cable.

PA Technology to set up optical supplier

BY PETER MARSH

PA TECHNOLOGY, the research arm of PA, the management services group, is to set up a specialist company providing optical materials to the electronics industry.

The company yet to be named, will have PA Technology as the majority shareholder. An earlier venture by PA Technology, an enterprise to turn out semiconductor chips, had to be put in the hands of the receiver last year after City of London investment groups withdrew support.

The materials to be sold by the new company include chemicals used in products such as electro-optical switches for telecommunications and signal processing devices in the defence industry.

PA Technology, based in Melbourn, near Cambridge, and with laboratories in Belgium, Australia and the US, has built up expertise in optical materials in research and development contracts for customers around the world.

Companies employing the Melbourn concern, which expects annual sales of about £50m this year, include IBM, Canon, Plessey, Siemens and Philips.

Mr Gordon Edge, chief executive of PA Technology, said the new company woud sell small amounts of materials, with most orders amounting to a few grams. He did not specify the chemicals involved.

The formation of the new concern comes as part of Mr Edge's strategy of encouraging the creation of subsidiary enterprises from within the Melbourn organisation.

This strategy got off to a far from bright start last year when Array Logic, the first company set up under Mr Edge's scheme, went into receivership.

Research funds the key to Rolls-Royce's future

Michael Donne looks at *how R&D plans will figure in Rolls-Royce's privatisation prospectus.*

A KEY element in the Rolls-Royce privatisation prospectus, when that document eventually lands, will be the company's research and development plans for the tough, competitive years ahead.

If the company is to keep pace with fierce rivals such as Pratt & Whitney and General Electric of the US, large sums will have to be allocated for research and development (R&D).

Annual spending of more than £225m for the past five years will have to increase for Rolls-Royce to hold its position in an industry whose pace of technological development is accelerating.

New products will have to be developed to carry Rolls-Royce into the 21st century. The company will also want to continue to improve its existing civil and military engines.

But perhaps the most important new venture, from which much of the company's future civil market will come, is the prop-fan – the combination of new types of gas turbines and propellers to provide engines yielding savings of up to 40 per cent in fuel compared with current jets, while providing speeds close to those of jet-propelled aircraft.

Rolls-Royce says the possibilities in that area include not only "open rotors" (where the propellers are at the rear of the fuselage and are not covered), suitable for the smaller, 150-seater airliners, but also "ducted rotors", larger engines with shrouds round the propellers making them suitable for under-wing use on big aircraft such as 747 Jumbo jets.

The company says it is "committing considerable technical resources to this work which is aimed at the possible start of full-scale production during the 1990s. It has included the construction of a new test facility for gearboxes transmitting up to 15,000 horsepower; such gearboxes may be required for future prop-fan engines."

But the US appears to be ahead, at least in "open rotor" type propfans, with General Electric and Boeing due to start flight tests this summer, and with McDonnell Douglas, Pratt & Whitney and Allison on starting joint flight tests next summer.

No flight tests of a small Rolls-Royce propfan are yet scheduled, and the company may prefer to miss the first generation of such engines, concentrating on the bigger "ducted rotors" for the mid to late 1990s.

Alternatively, it might move into a new collaborative venture with its US rivals. Although it will not admit it, the company is believed to have had talks with Pratt & Whitney on such a possibility, but nothing firm has emerged.

Such collaboration seems inevitable, however. The cost of developing a new propfan engine, even of the smaller "open rotor" type, is unlikely to be less than £500m, and may well be considerably more, while the bigger types of propfan will cost much more.

It is doubtful whether Rolls-Royce, with all its heavy R & D commitments on other power-plants, could afford to go ahead alone, and at some stage it will have to seek some form of cost-sharing venture. That would also spread the potential market for such engines.

The danger lies in leaving such collaboration too late. The US companies are pushing ahead fast, aiming for a date in service of 1992, and they do not agree with Rolls-Royce that the first-generation propfans will not arrive until 1995.

So Rolls-Royce will have to make its decision soon. The stakes are high and even if disagreement exists over the timing, the consensus in the industry is that propfans are going to be one of the biggest revolutions in aviation since the gas-turbine engine itself.

To miss out on such a development would have far-reaching effects.

An engine can last for up to 30 years, and often longer. That includes anything up to 10 years of development from the initial concept until it enters service. Then quantity production can last 20 years or more, in which development costs are recouped and profits earned.

Even after an engine goes out of production, the provision of spares for those in service can last for several years, generating cash.

Those profits help to pay for R & D of new ventures, while also financing improvements on existing engines.

Rolls-Royce is no exception, except that it can seek government launching aid for new civil ventures, and get support from defence budgets for military engines. Much of last year's R&D cash came from the Government (through defence funds, shared spending on advanced engineering programmes, and civil launch aid), but the company still had to find £190m.

Spending on that scale is likely to continue up to and through the 1990s. Before winning government support for new ventures, the company will have to spend much of its own cash to prove that a particular concept is worth supporting.

In current civil engines, spending will continue on improving the Dart turbo prop (of which more than 7,000 have been built), because it is still in service in Viscount and Fokker F-27 airliners.

Developments to boost the thrust and improve the fuel consumption of the RB-211 family of engines are also under way and will require much money.

In the military field, existing engines such as the Spey are being further developed for such ventures as the Italian-Brazilian AMX fighter, while the RB-199 for the Tornado is also being improved. A version of that engine is being used in the UK Experimental Aircraft Programme due to fly this summer.

The company is further developing the Pegasus engine, to improve the Harrier jump-jet fighter in both the RAF and US Air Force.

But it is on the new generation of civil and military engines that most of the heavy future R&D spending will centre.

The first of that generation is the Tay engine for short-haul 100-seat airliners, like the Fokker F-100 and US Gulfstream IV.

Rolls-Royce does not disclose how much it has cost, but it is bound to be well over £100m and has been financed entirely from the company's resources.

The Tay has already won big orders, but it will need many more to generate profits.

Also now being developed (in conjunction with Turbomeca of France), is the RTM-322, a helicopter engine that the company will soon test-fly in a US Sikorsky S-70C aircraft.

Rolls-Royce hopes the US Air Force and Army, among others, will eventually adopt the RTM-322.

From the core of the RTM-322, Rolls-Royce plans to derive a series of other new engines. One under way is the RB-550, a small turbo-prop for current and planned "commuter" airliners of the 50-70-seat category.

Rolls-Royce is behind in that market. Pratt & Whitney (Canada) already has its PW-120 series of turboprops. One of these, the PW-124, has been selected by British Aerospace (BAe) for its new 64-seat Advanced Turbo-Prop (ATP) airliner because no suitable British engine was available in the time-scale BAe required. The ATP will fly this summer.

The gross outlays on R&D include the amounts contributed by the Government through launch-aid on civil ventures, defence votes and shared advanced engineering programmes. The net spending is the company's contribution from its own resources.

Oil price drop edges closer to Aberdeen

Daily North Sea oil output is now less than half its November value, according to the Royal Bank of Scotland-Radio Scotland index. Its survey for March showed the value down by a further £7m to stand at £25m, Mark Meredith reports.

YOU CAN take the pulse of Britain's offshore oil industry in Aberdeen harbour, on the east coast of Scotland. About eight 2,000 to 3,000 tonne supply and anchor-handling boats lie tied up like restless, monster taxis waiting for a fare.

The drop in oil prices is starting to hurt in Britain's offshore oil capital. Normally the harbour would throb with the brightly coloured supply boats shuttling in for a fast turnround loading drilling equipment and food for the offshore platforms.

They are now on "hold" along with four or more big semi-submersible drilling rigs with a daily rental value of $23,000 parked a few miles offshore – another sign of drilling and development work postponed.

Like a depression moving across the weather chart, the falling oil price is edging towards thriving Aberdeen. The job losses have yet to come. March unemployment in the area remained at 6.3 per cent – less than half the Scottish average – and no surge in early redundancy notices has been reported.

There are an estimated 100,000 direct and indirect oil-related jobs in Britain and about 60,000 of these are in the Aberdeen area or surrounding Grampian region.

Yet the industry sees the storm coming. As seen in a prediction from the Royal Bank of Scotland/Radio Scotland monthly oil index yesterday some 8,000 jobs with the drilling companies are in jeopardy. Last week the Scottish National Party warned that at least 5,000 jobs were at risk because of the oil price.

The oil companies and their contractors are still apparently living off the cash generated when oil was more than $20 a barrel. Many others in Aberdeen are trying to wait for an improvement in the price rather than cancel crucial projects.

Jobs cuts to date have been discrete, according to Mr James Henderson of Nesda, principal development officer with the industrial development arm of Grampian region.

Some US nationals on short-term contracts have been sent home. Other offshore workers live elsewhere in Britain or overseas and their redundancies would not be noted.

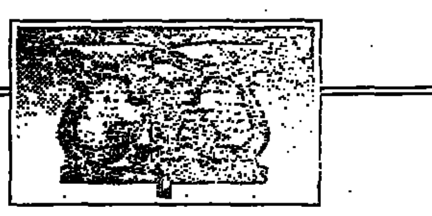
There are layers of vulnerability to the Aberdeen oil economy, which over 10 years has been transferred into one of the most prosperous towns in Britain.

First to get hurt are development projects for new oilfields still on the drawing board. Then drilling programmes are curtailed and the drilling rigs recalled.

With the largest proportion of Aberdeen's oil activity tied to supplying the production platforms offshore, there is some protection. North Sea output for March remained at around 2.7m barrels a day but talk of actually shutting down one or more of the 30 offshore fields will increase, according to analysts in Aberdeen, if the price remains below the $5-$7 a barrel operating costs.

The offshore suppliers are already under pressure. Offshore operators looking for quick savings shop around the highly competitive market for underwater equipment and divers, driving down rates.

Other suppliers, the four helicopter companies, are under similar pressure as oil companies move away from fixed monthly contracts and play one company off against another to find the best hourly rate.



Bedford expects to boost market with Suzuki-based van

BY JOHN GRIFFITHS

THE SECOND van model to be produced by Bedford, General Motors' commercial vehicles subsidiary, in collaboration with a Japanese manufacturer goes on sale in the UK tomorrow.

The Rascal, a half-ton-payload microvan based on a model produced by Suzuki – in which GM has a 5 per cent equity stake – is forecast by Bedford to increase the UK microvan market from 6,750 units last year to 15,000-16,000 in 1987. Until now, microvan production has been confined almost entirely to Japanese producers.

Production of 10,000 units a year is envisaged at Bedford's vans plant at Luton in Bedfordshire, in which GM has invested £90m over the past 30 months. Bedford expects to account for virtually all the market increase. The Rascal's introduction will provide the company with "virtually 100 per cent" coverage of the UK market for vans of all types, said Mr Paul Tosch, Bedford's chief executive.

Mr Tosch said no decision had been taken on whether to build the vehicle in lefthand-drive form for export elsewhere in Europe.

Initial European content of the Rascal is 62 per cent, measured by ex-factory value and including all overheads. GM has promised the Government that the European content level will be raised to over 80 per cent within three years.

The investment at Luton is allowing Bedford to build the Rascal, its own-design CF2 panel van and the Midi, a one-tonne van also based on a Japanese design, on the same assembly line. European content of the Midi is also pledged to increase to over 80 per cent.

The Midi was launched at the beginning of last year. It entailed collaboration with Isuzu, in which GM also has a stake, of nearly 40 per cent.

Both Bedford's 450 dealers and Suzuki (GB) Cars, a subsidiary of Heron Corporation with 100 outlets, are to distribute the microvan in the UK. Suzuki will sell it as the Suzuki Super Carry and expects to account for about 2,500 of its sales per year.

Some £15m was spent on re-engineering the van to meet European standards. It was launched in Japan last summer as the Suzuki SK 140.

The vehicle is only just over 10 ft long and is powered by a Suzuki engine of just under one litre. It is a purpose-built, rather than car-derived, van with forward control and the engine mounted beneath the seats. As a result, according to Bedford, its interior body volume of 93.8 cu ft provides up to three times the volume of vans based on cars. Pick-up versions are also being offered.

Mr Tosch said the Rascal should open up "an intriguing new market" in the UK.

It was expected that there would be some market overlap with car-derived vans and that that might detract from sales of Bedford's own car-derived vans, the Astra and Astramax built at its Ellesmere Port plant in north-west England. The company gave no estimate, however, of what the precise impact might be.

MOTOR TRADE DIFFERS OVER REGISTRATION CHANGE

Car prefix issue 'stays open'

THE GOVERNMENT'S decision to change the month when each annual vehicle registration prefix is introduced from August to October could be revoked, according to Mr David Gent, director general of the Motor Agents' Association (MAA), John Griffiths writes.

"It is not a closed issue," he said after a meeting with Mr Nicholas Ridley, the Transport Secretary, when he pressed the association's case that the prefix – at present the letter C – should change in July instead.

The change causes an annual fillip to new-car sales but cuts sales in the preceding months, as buyers wait for the new letter.

The MAA represents about 13,000 motor traders and is bitterly opposed to a change to October. It claims it would reduce sales of new cars by up to 180,000 units next year and cause a collapse in the value of used-car sales.

A sharp divide, however, is opening between the MAA and the Society of Motor Manufacturers and Traders (SMMT) on the issue.

The latter has had the difficult task of reconciling conflicting views among its members, who include vehicle and component manufacturers, importers, and dealers.

Last weekend, Mr Anthony Fraser, the society's director, came out in firm support of the change to October. "The choice of July could make the problems worse for British manufacturers," he said. The society's UK manufacturer members – and large distribution groups representing British and some import franchises – fully supported Mr Ridley's decision.

During the past three years, the August sales peak had built up to unmanageable levels, Mr Fraser said. By the end of 1985, it was clear that the licensing centre at Swansea was being swamped, dealers were unable to carry out the bunched pre-delivery inspections and, for the first time, British component makers were complaining that they couldn't cope.

Spending 'to rise' on new technology

BY RAYMOND SNODDY

MORE THAN three quarters of the chief executives of the largest European countries plan to increase their spending on information technology – computers, word processors and telecommunications – according to a survey by Research Services.

The survey of chief executives in 15 European countries also shows that supervising the development and introduction of products and the management of new technology is seen as the most important area of chief executive responsibility.

The survey, carried out by Research Services for Business Week International and the Wall Street Journal Europe, investigates the views, attitudes and reading habits of 1,200 European chief executives of companies with a turnover of more than $150m.

Almost one in three of the companies employed more than 5,000 people in their own countries.

Most chief executives feel that European governments have become more sympathetic to the needs of the business community and nearly three quarters believe that the industrial relations climate has improved in their country over the past five years.

Newspapers and magazines are seen as the single most useful source of information for chief executives. Daily newspapers are quoted by more than 60 per cent, weekly magazines by nearly 40 per cent and newsletters and monthly magazines by about 20 per cent.

Thirty eight per cent of European chief executives read the Financial Times, 15 per cent the Wall Street Journal Europe and 13 per cent the International Herald Tribune.

Chief Executives in Europe 1986 from Research Services, Station House, Harrow Road, Wembley, Middlesex HA9 6DE. £50.

TECHNOLOGY

Castrol puts emphasis on greater fuel efficiency

BY MAURICE SAMUELSON

BURMAH, the British oil products company, claims significant fuel savings can be gained by using its new engine oil, Castrol Dynamax, launched this week.

In tests, savings of up to 3 per cent were obtained when the oil was used in a Ford Tornado engine, while the benefit gained by its use in a Leyland Roadtrain was as high as 7.9 per cent.

The launch of Castrol Dynamax is coupled with that of a new multigrade gear oil, Dynadrive. These two oils represent only the third new Castrol range introduced in the last 15 years.

Some 120m litres of motor oil are sold in the UK each year, and Castrol, claiming 11 per cent of the market, says it ranks second to Shell as the country's biggest supplier.

During the last two years, Burmah has spent well over £1m developing the new oils at its research centre in Pangbourne and on laboratory, trade and field tests in collaboration with the motor industry and fleet operators.

Fuel savings can be made by running an engine on thinner oil but, as this gives less engine protection, lower fuel costs are invariably accompanied by higher maintenance charges. The challenge facing oil manufacturers has been how to rob Peter without paying Paul.

In petrol and diesel engines, up to 20 per cent of fuel energy can be wasted by having to overcome the friction created by various moving parts. The bulk of the energy lost in overcoming this friction is attributable to the shearing of oil films between working surfaces. Other losses result from pumping and churning of the oil.

Therefore a lubricant's viscosity (flow property), has a significant influence on frictional energy losses and, hence, a reduction in viscosity can lead to energy savings. However, the scope for improving an engine's fuel efficiency by means of reduced viscosity is limited because excessively low viscosity causes lubrication problems and results in greater wear and tear of moving parts.

Burmah's answer to the problem has been to add to its mineral-derived oil what Mr Michael Wright, Castrol's sales development manager, refers to as a "man-made viscosity improver."

Described by the company as a high-performance friction-modified partial synthetic multigrade, Dynamax has a viscosity classification of 10W/30. However, it is claimed to offer engine protection equivalent to or exceeding that of other oils with a 15W/40 viscosity format.

Castrol says that maximum fuel savings can be expected when the most is being asked from an engine—such as shortly after cold starts, at high speeds or when heavy loads are being pulled.

Four of the company's major account customers, Associated British Foods, Golden Wonder, Ranks Hovis McDougal and Tarmac Roadstone, carried out field trials using the new oils in vehicles ranging from cars to 40 tonne off-road dump trucks. Results showed a typical 3 per cent fall in fuel consumption, together with a 35 per cent reduction in the amount of oil used.

Car industry leads the way in composite panelling

BY GEOFFREY CHARLISH

TRAMICO, the French subsidiary of British Vita, has successfully developed the first method for the continuous production of car headliners, the internal plastic/fabric linings of motor car roofs.

British Vita, based in Manchester, employs about 8,000 people in 20 countries making cellular foams, synthetic fibre fillings, specialised coated fabrics, mouldings and related consumer products ranging from track suits to mattresses. Last year its turnover exceeded £186m.

The French subsidiary, at Brionne in Normandie, claims a "first" in amalgamating the processes used to make headliners into a single integrated line that can turn out over 1,500 units a day. Lines are already in operation in the French and Spanish subsidiaries and in Canada where plastics company Van Dresser has bought a licence. British Vita director Mr Duncan Lawton says that Ford in the UK, Germany and the US "are keenly interested."

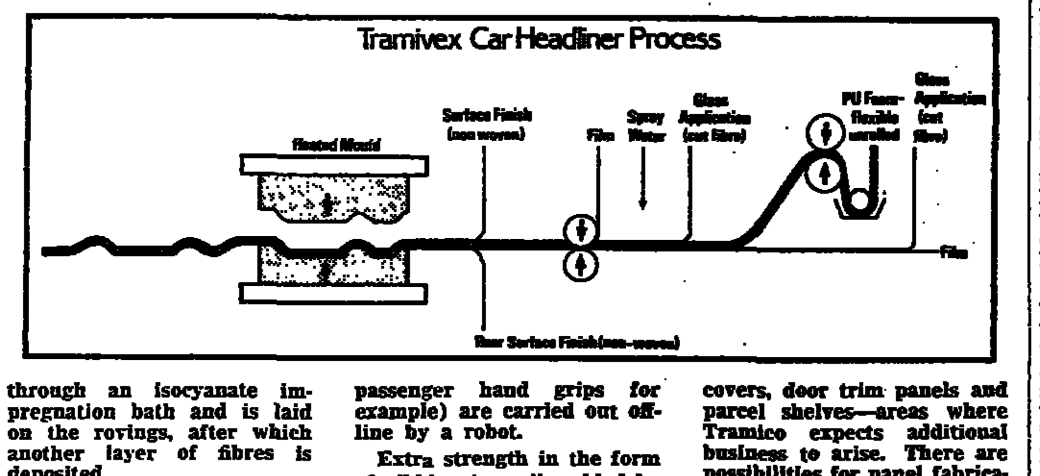
Mr Lawton expects 12 lines to be in operation by the end of 1987, worth about £3m, turning out products worth £100m a year.

Car headliners, as well as attractively hiding steel sheeting, also have to provide thermal and acoustic insulation and nowadays can often add strength to the roof.

Previously, they have been made by laying up the various components of the "sandwich" in a mould, on a batch production basis which is both labour intensive and slow.

In the Tramico process, known as Tramivex, thin sheet materials, glass fibre "rovings" (large numbers of fibres a few inches long), and foam sheet up to 8 mm thick are fed automatically to produce a sandwich which is immediately pressed into the shape of a headliner and guillotined off ready for the next length.

The first roll-fed film to enter the machine is a thin base layer on to which an oscillating multi-nozzle unit uniformly distributes rovings over the surface. Meanwhile, the roll-fed foam sheet passes through an isocyanate impregnation bath and is laid on the rovings, after which another layer of fibres is deposited.



At this point, water is sprayed on the surface, starting the curing process in the impregnation within the foam. Finally, the inner and outer surface finish sheets are applied, to complete the sandwich, from reels above and below the line and the appropriate length enters the two-part moulding press.

Trimming and the necessary cutting of holes (for passenger hand grips for example) are carried out off-line by a robot.

Extra strength in the form of ribbing is easily added by appropriate pressed ridges and more thickly laid rovings at the right places. The headliner can thus be self-supporting and can be assembled into the car at the factory by a robot that passes it into place, using adhesives or clip fixings.

The technique is equally applicable to other interior trim such as wheel arch covers, door trim panels and parcel shelves—areas where Tramico expects additional business to arise. There are possibilities for panel fabrication in other transportation and industrial areas.

The process offers low weight, rigidity, resistance to moisture and mould growth, dimensional stability and good acoustic and thermal insulation. Typically, the automatic line costs less than £250,000. British Vita is in Manchester, UK, on 061 643 1133.

Dilemmas caused by 8mm video

FILM AND VIDEO

by John Chittock

THE dramatic advances made in video recording technology — smaller equipment and higher quality — would have been dismissed as impossible by most engineers 15 years ago. It seems as if the video and television industry can now achieve almost any challenge it sets itself. But the ultimate goal, which eludes everyone in the industry — sometimes to their considerable cost — is the ability to forecast accurately which products will succeed and which will fail.

The subject of futurology is currently concentrating the minds of the video business wonderfully, because of the bitter contest over the new generation of camera cassette recorders (CCRs), now in the shops. Although the main competitors would deny it, the knives are out; surprisingly with one Japanese company (Sony) hoping that 8mm video will outstrip the rival VHS system of another Japanese company (JVC).

Sony have issued misleading advertising implying that 127 manufacturers are committed to the 8mm format, whereas it is only ten—the remainder have merely agreed the technical specification should they later decide to adopt eight millimetre. Sony conveniently avoided the point that some 15 manufacturers are already marketing VHS CCRs using either standard size or compact cassettes. But JVC in Japan have been no more gentlemanly with a booklet entitled "Having Doubts About 8mm?" mailed to various key people in the industry under a "confidential" heading.

The pros and cons of 8mm video have been well-aired in this column before. It uses much smaller videocassettes, similar in size to audio-cassettes. In the case of Sony's version, the camera recorder itself is a superbly engineered piece of equipment with a smooth and tactile quality that makes it a pleasure to handle. The video recording time of a PAL cassette is one hour, with thinner tapes offering 90 minutes and an option to use an extended play mode (with lower quality) up to two hours. With a separate playback deck, it can double as a VCR and also as a hi fi stereo sound system.

On the other hand, video programmes recorded on 8mm cassettes are incompatible with the 100m VCRs in the world which, in VHS format, represent the *de facto* standard. 45 per cent of TV homes in the UK, for example, are now virtually all committed to VHS software, as are the video shops selling and renting programmes. There is also a contention, difficult to disprove, that the faster tape speed of VHS offers potentially better picture quality.

Beyond these main issues, the debate gets bogged down in a morass of technical niceties. The 8mm format does/does not offer higher fi sound than its VHS equivalent. The thin, long play tapes of 8mm are thinner than the VHS equivalent and arguably less durable in consequence. Used as a VCR in the normal mode, 8mm's two-hour NTSC playback time (on thinner tape) may still be too short for the 25 per cent of feature films which a JVC survey claims exceed this running time. On European PAL this playback capacity drops to 90 minutes.

It is tempting but inconclusive to look at the figures claimed for sales of the two rival formats. One survey of 80 Japanese stores claims that 8mm represented only 14 per cent of all CCR sales, but in the UK Sony is claiming 31.25 per cent of the market.

The world-wide line-up of CCR supporters looks impressive on both sides — VHS (in both compact and full-size VHS cassette versions), includes JVC, Philips, Panasonic, Hitachi, Sharp and very recently Grundig and Matsushita. The 10 in the 8mm camp are led by the powerful trio of Sony, Canon and Kodak.

Because Sony is pushing hard to make its own system all things to all men, including a VCR deck with tuner unit, the availability of pre-recorded films on 8mm is seen as a crucial factor in waging a war on VHS. But software houses are reluctant to commit themselves to serving such a small market — at present in the UK only 53 titles are available on 8mm against over 10,000 on VHS.

It is hardly a booming market either. One of the UK's largest duplicating houses — Rank Video — has 100 Sony 8mm slave units (which Sony admits have cost Rank nothing). In the first quarter of 1986, Rank produced only 500 copies on these machines.

Since two versions of JVC's competing CCR are smaller and lighter, what is the appeal of Sony's 8mm? Initially it has been well-received by movie enthusiasts because of its slick design. But the longer recording time (compared to JVC's compact camera cassette of 30 minutes) is of no significance to serious users because the filing or editing of material is in fact much easier with shorter cassettes. Nevertheless, the smaller cassettes of 8mm have a practical convenience and a degree of fascination.

The first flush of 8mm purchasers are clearly movie-making buffs for whom the incompatibility with VHS is of little consequence. Only when they want to start exchanging cassettes with friends or relatives may second thoughts arise. Sony is now offering an 8mm to VHS transfer service at "little more than the cost of the blank tape" — recognising how crucial this is to longer term success.

At present the marketing glamour of the Sony name (and in the US, of Kodak) has helped to put 8mm, on the map, despite the world-wide dominance of VHS. For Sony, with its earlier Beta format totally defeated by VHS in the home VCR market—and Kodak previously with no consumer video products at all — it looks like a courageous gamble to gain a foothold.

Meanwhile, 8mm video may create an absurd anomaly in the British Government's plans for a copyright levy on blank audio-cassettes, but not on videotapes. The Sony 8mm playback deck can be used solely as a hi fi stereo recorder — offering 18 hours of recording on one £10.99 videocassette. If it catches on, who will want to buy a levy-bearing audio cassette costing nearly twice as much per hour? And how will the copyright owners get their royalty share then? No doubt some people will wish 8mm video never happened.

FT REGIONAL REPORT

CARDIFF

BY ROBIN REEVES

The Welsh capital city is anticipating changes comparable with its transformation in the 19th century, which could include it becoming one of Europe's cultural centres

Targets set for moving into the 21st century

MR JAMES CALLAGHAN, former Prime Minister and Cardiff MP for the past 41 years, was in expansive mood last month, as he laid the foundation stone for South Glamorgan's new county council headquarters in the city's derelict dockland.

"Cardiff is on the way to becoming a healthy and prosperous city and could become one of the great cultural centres of Europe," he told the assembled dignatories.

The former Prime Minister set out three targets for the city to achieve by the year 2000—completion of the new county hall, securing the Commonwealth Games in 1992, and finding the resources to construct a Welsh National Theatre and Opera House.

This would provide an essential cultural complement to the Welsh Capital's new and highly successful St David's National Concert Hall, he declared.

He could have added a fourth target—securing the 1992 National Garden Festival. Cardiff is one of four short-listed Welsh sites.

Mr Callaghan also left to his political colleague, Councillor the Rev Bob Morgan, Labour leader of South Glamorgan Council, the suggestion that the local authority's occupancy of its new headquarters might be proved short-lived and that, with devolution creeping back on to the political agenda, it would soon become the home of the Welsh Assembly.

But Mr Callaghan caught the mood of anticipation, even excitement, which currently surrounds the city's future development. It is by no means confined to one political party, an important consideration in a community where the Conservatives currently control the City Council while Labour rules the county.

Credit for initiating the comprehensive redevelopment of the 133-acre former Bute Docks area, of which the new county hall is an anchor project is credited to the late Mr Michael Roberts, MP for Cardiff North West and a proud ambassador of the city.

The story goes that Mr Roberts drove Mr Nicholas Edwards, Secretary of State for Wales and his Ministerial boss at the Welsh office, around the Bute Docks area, which is only half a mile from the existing city centre, not long before Mr Robert's tragic death at the House of Commons dispatch box.

AROUND BRITAIN

Mr Edwards mobilised the Welsh Office and the Land Authority for Wales to pick up the ball and run with it, and the local authorities responded.

By the time the overall Bute Docks scheme, which includes housing, leisure, high-tech workshop facilities and new access roads as well as a new county hall, is completed, a total of some £115m will have been invested in revitalising the area.

Even so, it could prove to be only a start. Last autumn Mr Edwards initiated steps which could lead to even more dramatic change—the transformation of the Welsh capital into a waterfront city.

Between the city and Penarth lies a large area of estuarial mudflats which, given the construction of a marine barrage, could be turned into one of the largest expanses of inland water in an urban setting in the whole of Britain.

To explore its potential, Mr Edwards last autumn commissioned two consultants' reports. One, from Wallace Evans and Partners of Penarth, will spell out the feasibility of building a barrage to enclose the estuaries of the Taff and Ely rivers and create a lake.

The other report will be by the international property consultants, Jones Lang Wootton, who have been asked to assess the possible effects the barrage could have on land values, recommend means of attracting large amounts of private investment to develop the area, and suggest ways in which the city might be given a higher international profile.

Mr Edwards is said to have in mind something comparable with the Eiffel Tower or Sydney Opera House—an architectural symbol which would be permanently linked in the public mind at home and abroad with the capital city of Wales.

The reports are due to be completed soon. Assuming they are favourable and prove acceptable to Mr Edwards, Cardiff will be on course for a change comparable with that which occurred when the Marquis of Bute and his family first built their docks at the mouth of the River Taff 150 years ago.

It was then that Cardiff's transformation from a small town into today's capital city with a population of some 280,000 got under way. The Bute docks and their railways to the Glamorgan hinterland allowed the vast reserves of coal, found in ever-increasing quantities in the South Wales valleys during the 19th century, to be shipped to markets throughout the world.

For most of the period between 1880 and the first World War Cardiff was the world's largest coal export port, although it was occasionally overtaken by Barry Docks, built in the 1890s to break the Bute family's monopoly. Cardiff's coal trade reached a peak of 13.7m tonnes in 1913.

Subsequently, there was a growth in manufacturing industry in general and iron and steel in particular, which partly compensated for the sharp decline in coal exports in the inter-war and post-war years. But it did not last. In the decade 1971-81, manufacturing employment fell by almost 40 per cent and now provides jobs for only some 15 per cent of Cardiff's working population.

The most spectacular loss was the outright closure in 1978 of the British Steel Corporation's East Moors steelworks, creating 3,100 redundancies overnight. More recent casualties of industrial restructuring include the outright closure of the Cardiff Land Rover plant.

Today's prosperity stems from the city's enormous growth as a regional centre for services and administration. It is increasingly forgotten that Cardiff only became a city in 1905 and was not designated the Welsh capital until 1955. Before the matter was decided, historic Caernarfon used to feel it had at least an equal claim. Before the war, too, the Welsh rugby internationals were played in Swansea.

Contemplating the Welsh Office and other government departments, the many commercial regional offices, the fine shops, the University College, the Institute of Science and Technology, the Welsh National School of Medicine located on the biggest hospital campus in Europe, the rich cultural fare, the growing array of top international hotels, national sporting facilities and the parks and open spaces, one can see that Cardiff is benefiting greatly from its capital status.

It has amenities and facilities usually found only in a city three times its size.

Combined with the city's past as an international port and then provincial industry centre, they have produced an urban community of unusual complexity and interest.

There are Cardiff people who still regard Wales as the wild country beyond the city's northern suburbs. There are others, notably in Cardiff's extensive television and radio industry, now one of the largest media centres outside London, who lead most of their cultural life through the Welsh language.

Meanwhile, the dockland area known in other parts of the world as Tiger Bay but in Cardiff itself as Butetown, has one of the longest-established mixed-race immigrant communities in Britain.

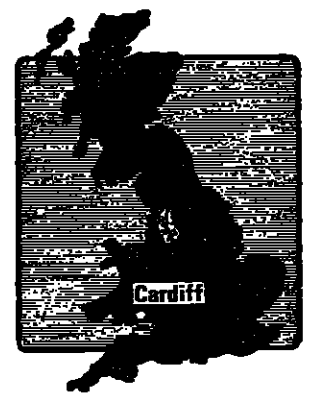
The absence of a homogeneous identity probably contributes to an image problem which many Cardiff residents themselves are the first to acknowledge—not least Mr Harry Crippin, the City's Chief Executive and a Mancunian who freely admits that he had never visited Cardiff before he arrived to be interviewed for the job.

"My notions were all wrong," he says: "I assumed it would be mainly slag heaps and industrial depression. Instead I found a thriving, buoyant city and a progressive local authority."

On the other hand, fulfilment of Mr Callaghan's targets and Mr Edward's ambition to create a waterfront city of some character should put paid to the old industrial image problem. Indeed, the problem could become one of success.

Playtime for Cardiff children, who will enjoy a wide range of new leisure developments as adults

David Lloyd George's memorial (above) stands in the trees of Cathays Park, while the St David's Shopping Centre (left) has brought the greenery indoors



CARDIFF 2

Fight for more male jobs to counter decline

TO THE left of the M4 motorway as it sweeps across the Taff valley on Cardiff's northern outskirts lie two fine modern factories.

One is Amersham International's architectural prize-winning radiochemical manufacturing plant, recently expanded to create another 400 jobs and maintain Amersham's share of the world market for isotope products.

The other is the AB Electronic Product Group's new plant dedicated to the production of electronic devices for the new Jaguar and Rover car ranges, creating 350 jobs.

Amersham was one of Cardiff's most important investment projects during the 1970s. The company wanted an expansion location which had the right environment and amenities to attract key staff, a good academic base of training and research back-up, and easy access to Heathrow airport, the export point for most of its products.

AB's expansion is more home-grown. The company arrived at its Abercynon headquarters in the Welsh valleys to assemble radio components shortly after the second world war. During the 1980s it has surged forward as one of Wales's fastest growing companies, seizing the opportunity of its long experience in the electronics industry to expand dramatically, at home and abroad.

Equally impressive has been AB management's success in coping with the sharp downturn in demand for home computers, by a growing diversification into automotive and defence-related electronics.

Other big projects over the past decade include Matsushita's National Panasonic subsidiary, which is continuing to grow in both product range and employment, and Autophon (UK) (previously Comdial) which has established a highly automated plant to manufacture telecommunication equipment creating 350 jobs.

On a smaller scale, Cardiff has also attracted a number of biotechnology ventures, among them Biotechnica.

But almost 40 per cent of South Glamorgan's manufacturing jobs were between 1971-81. Investment and expansion in service industries and as manufacturing created some 11,000 jobs from 1981-85, but these were offset by some 10,300 redundancies.

For all its growth as a regional commercial and administrative centre, Cardiff is anxious to attract manufacturing jobs. The manufacturing sector accounts for only 15 per cent of employment opportunities.

Although some well-established local industrial employers such as the JPM group have been able to expand their workforce, the general trend has been towards fewer industrial workers.

In spite of closure of BSC East Moors, the city's association with the steel industry is continuing, thanks to Allied Steel and Wire putting remaining steelmaking and rolling capacity back onto a profitable footing.

Industry

The company, set up by GKN and BSC, has turned losses of £24m a year to profits by setting out to match the most efficient standards in Japan and West Germany. With very little extra investment, it is producing more steel with 500 people than it made a few years ago with 5,000.

In such circumstances Cardiff needs more male jobs. Unemployment is some 14.3 per cent, or nearly 30,000 people, but male unemployment is nearly 20 per cent (21,700), compared with female unemployment of 8.7 per cent (7,600). In some areas around the docks more than 30 per cent of men are out of work.

The Government has removed the development area status granted to the city in the early 1970s, although it continues to enjoy intermediate area status, entitling industry to selective financial assistance and providing the city with continued access to EEC funding.

Since 1978 South Glamorgan has attracted EEC grant assistance of some £30m towards 35 projects involving investment of about £100m.

The European Community has been a valuable source of support for the country's roads programme, which is transforming communications in the south of the city and has been an importance influence on redevelopment policies.

But because of the cut in government regional assistance, inward investment and local expansion projects are being encouraged to go into the valleys or further down the M4, where they can receive larger benefits.

The Welsh Development Agency, in the light of the changes, is reviewing its site provision and marketing. It is anxious to make way for private sector funding of developments in areas which can attract investors. Parts of Cardiff have proved attractive and successful, with Cardiff Industrial Park, a Norcros development, in the north of the city, showing what can be done.

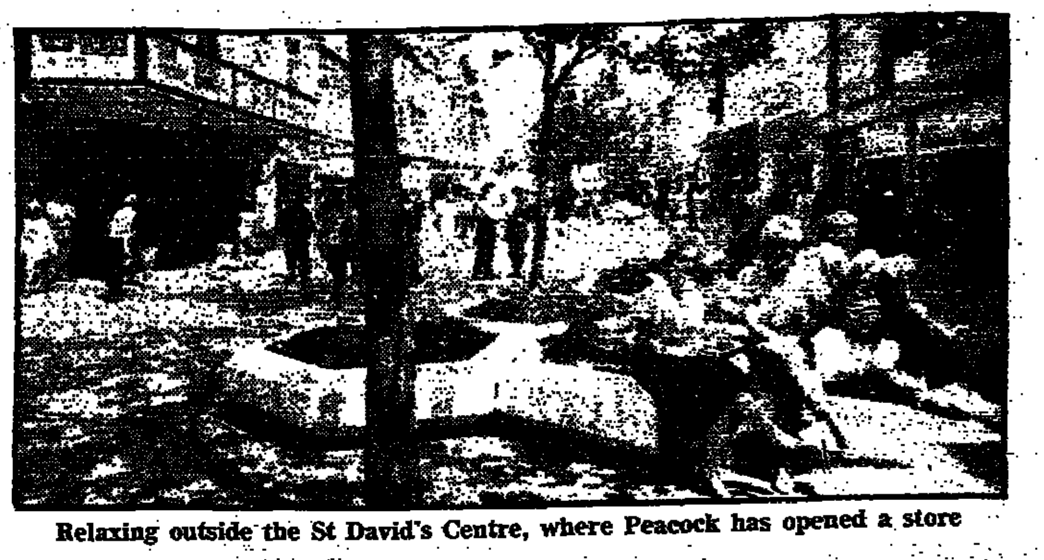
Even so, the agency has felt obliged to develop at St Mellons and Cleppa Park a range of high-specification buildings for new technology industries.

Attracting inward manufacturing investment will be an uphill battle for the foreseeable future, even were DA status restored to Cardiff.

And pleas for the restoration of regional assistance may be projecting the wrong image. Combined with bad publicity over the Severn bridge—which tends to be far less of a hold-up on the M4 than the Chiswick flyover—it creates the impression that there are disadvantages, other than unemployment levels, as an industrial location. Yet Cardiff has a more attractive environment to offer modern industry than most.

The freeport scheme to encourage greater manufacturing activity in the city has been singularly unsuccessful. According to developers Pearce (Wales), there has been no shortage of inquiries from potential users. But not one manufacturer has set up shop.

Pearse blames the restrictive attitude of HM Customs and Excise.



Relaxing outside the St David's Centre, where Peacock has opened a store

PROFILE: PEACOCK STORES

Peacock is strutting

PEACOCK STORES, the Cardiff-based, family-owned retail clothing chain, has begun a programme of expansion to increase its outlets from 60 to 90 over the next few years.

The immediate target is an additional 10 stores this year, bringing the total to nearly 70. Two have already opened, including a 4,000-sq-ft unit in the city's St David's Centre, the premier shopping area.

The other is an 8,000-sq-ft store at Ashford Kent, which complements outlets opened in the past two years at Orpington and Gillingham Kent.

"Having our own transport fleet, which makes weekly deliveries throughout the southern half of the UK, it makes economic sense to develop regional clusters of stores," said Mr Robert Peacock, the company chairman.

The company's traditional territory is South Wales, where it has 23 stores known for their basic clothing at bargain prices.

Much of the company's recent growth has been in South East England. Over the past three years the number of retail outlets has doubled and turnover has risen to some £28m.

"Although we are still looking for sites in South Wales our major growth must continue to be along the M4 corridor, the South East and South West England. We are anxious to acquire more sites and small retail groups," says Mr Peacock.

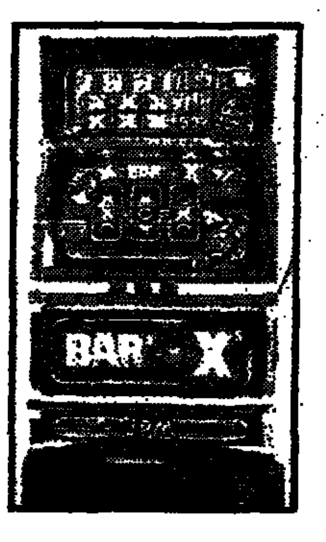
He stresses that the company has a young management team, computer control and warehousing to serve many more shops without incurring further capital expenditure.

Expansion has also coincided with the cultivation of a younger, more upmarket image and generally more aggressive marketing.

The stores now sell a wide range of own-label goods and recently adopted a new peacock-coloured company logo and stores livery. The product range was also extended.

PROFILE: JPM GROUP

Trivia pursuits hit jackpot



LAST December the JPM group, Cardiff-based manufacturers of gaming machines, launched its first model range into a market which, the company is convinced, will soon add an important new dimension to its business—trivia games.

The idea of exchanging the fruit and barrels of the now traditional "AWP" (Amusement With Prizes) machines for general knowledge questions originated in the US.

But, as befits a concern which has grown from a small machine repair business in the early 1970s into one of Cardiff's most successful companies and market leader of Britain's now electronically-advanced gaming industry, it was JPM which devised a system of payouts of up to £10 for players applying the right game strategy as well as coming up with the right answers.

JPM has decided to produce both types of machine. The prize-paying model is called Treasure Trail and the non-payout model Criss Cross. Both are based on generally-understood principles of noughts and crosses and quiz games and are designed to be updated regularly by JPM's distributors, new questions being sent out to customers on floppy discs.

The company has already acquired additional premises to assemble the new range. Output of what JPM calls its SWP (Skill With Prizes) machines is already running at 100 units a week.

SWP machines are only the latest in a series of remarkable changes which have occurred in the gaming and amusement machine manufacturing industry in the past 15 years.

During that time JPM has risen from obscurity to dominate the industry. In the past six years it has achieved a six-fold increase in its turnover to its current level of some £30m.

Mr Jack Jones, JPM's founder and managing director, recalls that when he started a gaming machine sited in the premier AWP market place—the public house — would need to be changed only once in six months. Even five years ago the turnover was only three to four machines or games a year.

Now, to keep up with fashion and maintain the customers' interest, the offering has to be changed every six to eight weeks. This means that JPM is now designing manufacturing and distributing up to 15 different models a year.

Even so, market research suggests that only one in 10 pub customers play AWP machines. Part of JPM's excitement over the introduction of its SWP range is that research is showing that the people who try their hand at the general knowledge questions are from among the non-users of fruit machines.

Until 1978 JPM's machines were electro-mechanical. But in that year that they went electronic and opened the way for not only more reliable machines but for the introduction of a host of new features such as the backward nudge and independently-driven reel.

Such has been the growth in electronic wizardry that the technology of today's gaming machine is more complex than that of a television set.

JPM is proud of its 60-strong research and development team (out of a total staff of 300), who have electronic hardware and software engineering skills which are the envy of the company's rivals.

Its willingness to plough back large sums into research and development and capital equipment—this year it is spending some £1.7m in that direction—is clearly one of the secrets of JPM's success.

The industry is fiercely competitive and unforthcoming about market shares, but JPM is acknowledged to have somewhere between 55 and 70 per cent of the AWP market in Britain.

Another two significant names are Maygay and Ace Coin at Llantrisant, a few miles from Cardiff.

JPM's Cardiff factories are responsible for most of the manufacturing as well as research and distribution. The main exceptions are the printed circuit board assemblies, which are bought in from sub-contractors who use electronic components first vetted by JPM.

Significantly, a high proportion of the electronics are designed to detect outside interference rather than control the game. Fraud, like the games themselves, is becoming increasingly sophisticated.

JPM recently became the first UK company to satisfy the rigorous vetting procedures introduced for Reno, in the US, by the Nevada State authorities. This provides JPM with a credential acceptable to the casino industry world-wide and should help to accelerate its export growth.

Developing export markets for products which in most countries are subject both to the vagaries of fashion and strict government regulations is never easy. Even so, last year about 13 per cent of JPM's sales was exported, some 90 per cent of them to the Netherlands and 8 per cent to Switzerland. The remaining 2 per cent was split between Austria, Iceland and the Republic of Ireland.

One of the advantages of the non-prize paying trivia machines just launched by JPM is that they are not subject to gaming regulations. They therefore offer the company the opportunity to establish an immediate presence in new markets and to open the way for the later introduction of its full product range.

CARDIFF 3

Planners take a strong stand

MR EURFYL DAVIES, Cardiff's planning and development officer, has worked in seven towns and cities during a long career in local government, but he does not recall a period of so much activity on a broad front as is taking place in Cardiff.

Projects vary from small expenditures on the city's growing number of conservation areas, to the proposed Taff barrage scheme. These are producing, or promising, changes in the environment which will significantly alter perceptions of Cardiff, and its commercial, industrial and residential life.

Mr Davies is a vigorous proponent of the value of planning laws in making towns and cities economically self-sustaining but which also work socially.

He is deeply concerned over the growth of large out-of-town shopping precincts, arguing that if there is no limit, the viability of central area retailing will be undermined, leading to creeping dereliction and decay. This will breed vandalism and breakdowns in law and order, he warns.

Cardiff City Council and South Glamorgan County Council have tended to operate a firm planning regime. For example, a superstore development by Tesco at Culverhouse Cross, on the city's western outskirts, which would complete an encirclement of the city with superstores, was given the go-ahead only on appeal to Mr Nicholas Edwards, the Welsh Secretary.

Property

The City Council also opposed a £25m central area retail development by Guardian Assurance, on the grounds that it would hit other shopping and was backed by Mr Edwards. Informal discussions are taking place on a revised scheme.

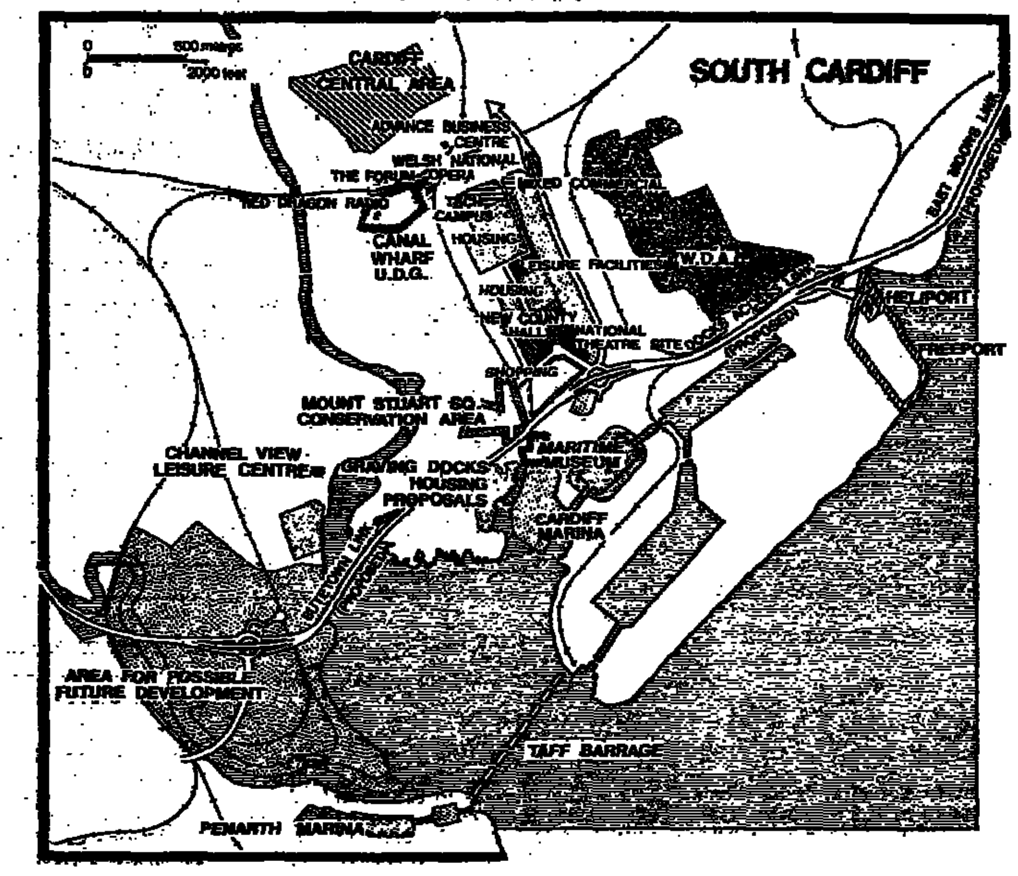
In the meantime a series of developments should all but complete the reconstruction of the city centre, which began in 1979 and has resulted in some 500,000 square feet of new shopping space.

Developments include Holiday Inn of Canada's £9m hotel, to be officially opened in July, the Welsh National Ice Rink, due to open in the autumn, and the new Cardiff Central Library, in which tenants have already taken three of the 13 retail units.

A few well-located office developments, above all the Fitzalan Court scheme started by local building consortium Campaign Properties, have found tenants at rents above the City's previous maximum. This is in spite of the 500,000 square feet of empty office space overhanging the market.

Fitzalan Court has demonstrated that there is a market for offices tailored as regional headquarters. It involves nine buildings totalling 109,000 square feet, and virtually all pre-let at rents above £6.50 a square foot.

Rejecting the notion that Cardiff is over-supplied with offices, agents Cooke and Arkwright note that two other developments, Longcross Court and Windsor Court are now largely let, which takes up some 200,000 sq ft of new space. New schemes totalling a further 100,000 sq ft are now being drawn up.



Law enforcers move in to ensure land assembly

AGROSS THE road from the Holiday Inn is the Cardiff Custom House, which has been through a £70,000 transformation by the Land Authority for Wales (Law) as its new headquarters.

Mr Nicholas Edwards, the Welsh Secretary, found the authority extremely useful for assembling land for the East Bute Dock redevelopment scheme, which lies less than a quarter of a mile away from the new headquarters.

It was created by the last Labour Government with the aim of ensuring a steady supply of development land for the building industry. Its popularity with small Welsh builders in assembling sites and sorting out land title problems which had held up development, enabled Law to survive when the Conservative Government repealed the Community Land Act under which is was formed.

British Associated Ports owned most of the Bute dock land but there were problems which could have delayed

East Bute Dock

redevelopment. The area being redeveloped extends to 133 acres, including the 42-acre expanse of water which was once the East Bute dock and which is to be retained as a key feature.

A few old buildings which remain from the area's heyday as a port will be restored and adapted. But most of the area is being cleared for 750 houses, a 65,000 sq ft district shopping centre, a 63,000 technology campus, 36,000 sq ft of leisure facilities and a new South Glamorgan county hall. This is a pagoda-type building which will extend to nearly 250,000 sq ft.

Sites have also been earmarked for a national theatre/opera house and a primary school if the resources can be found.

Tarmac Construction is the principal developer but construction of the county hall is being managed by Norwest Holst. By the time the scheme is completed, Tarmac will have spent some £40m on the devlopment partly offset by £8.5m urban development grant. This is the aid introduced by the Government to encourage private sector redevelopment of problem areas.

It has taken almost three years from conception to the point where bulldozers moved in, but construction is now going ahead. Tarmac plans to have its first houses on show in the autumn and the county hall is on target for completion in 27 months.

With South Glamorgan spending £36m on new roads, and miscellaneous items adding up to a further £13m, the total investment in the area of redevelopment over the next few years will be about £115m.

It promises to bring back to life the area which was once the engine room of Cardiff's growth and prosperity, but wich has lain derelict for decades.

Barrage of developments

LARGE - SCALE development is being contemplated with the proposed construction of a barrage across the mouth of the river Taff between Penarth Head and the entrance to Cardiff docks.

The large fresh-water bay which would be created in place of the acres of mudflats would be the focus for the redevelopment of docklands area, turning the Welsh capital into a waterfront city.

About 1,000 acres is being studied, making this a bigger proposition than most other international waterfront redevelopments such as Baltimore in the US, suggested as the model for Cardiff. It would be far bigger than any UK scheme apart from the London docklands.

Mr Nicholas Edwards, the Welsh Secretary, is awaiting reports of studies by two consultancy firms.

Wallace Evans and Partners of Penarth will spell out the technical feasibility of the barrage. International property consultant Jones Lang Wootton

Waterfront City

will show the impact the barrage could have on land values around the new bay and what incentives would be required to attract the large volumes of private capital to redevelop such a large area. JLW will also comment on what might be done to give Cardiff a higher international profile.

Mr Edwards will need to give his reaction to the reports within weeks, because South Glamorgan County Council needs to decide quickly how its new southern peripheral link road will cross the Taff.

Legislation going through parliament provides for either a bridge or a barrage. Assuming that the Bill is not further delayed by objections from the Royal Society for the Protection of Birds (a consideration which also affects the more ambitious scheme) the county would not want to build a barrage if another is to be constructed at the mouth of the river.

Ideas floated include a development such as the Rhyl Suncentre astride the barrage, and an island for a Welsh National Opera House.

On a less ambitious plane, the site for a stol port (short-take off and landing airport) suggests itself along the foreshore between the barrage and the freeport. This which would enable businessmen to be in the City of London in little more than one hour once the London docklands' stolport opens next year.

Associated British Ports has indicated that its Roath Basin might be released for conversion into a yachting marina.

In property development terms there are some major headaches, including oiltanks and other industrial and port-related premises. A large part of the area on the west of the proposed bay has been used as Cardiff's rubbish tip for 15 years.

The public money required over a sustained period, to get the land and infrastructure into a state where private capital is ready to carry the whole scheme forward may prove too much for a Government committed to reducing public expenditure.

The rubbish tip area has been shortlisted as one of four Welsh sites for the 1992 National Garden Festival which would mean aid for cleaning up the site. But the choice of Cardiff would be difficult politically.

Such a large redevelopment could damage Cardiff's centres of commerce. There is also the threat to the docklands communities, already in difficulties because of the decline of jobs.

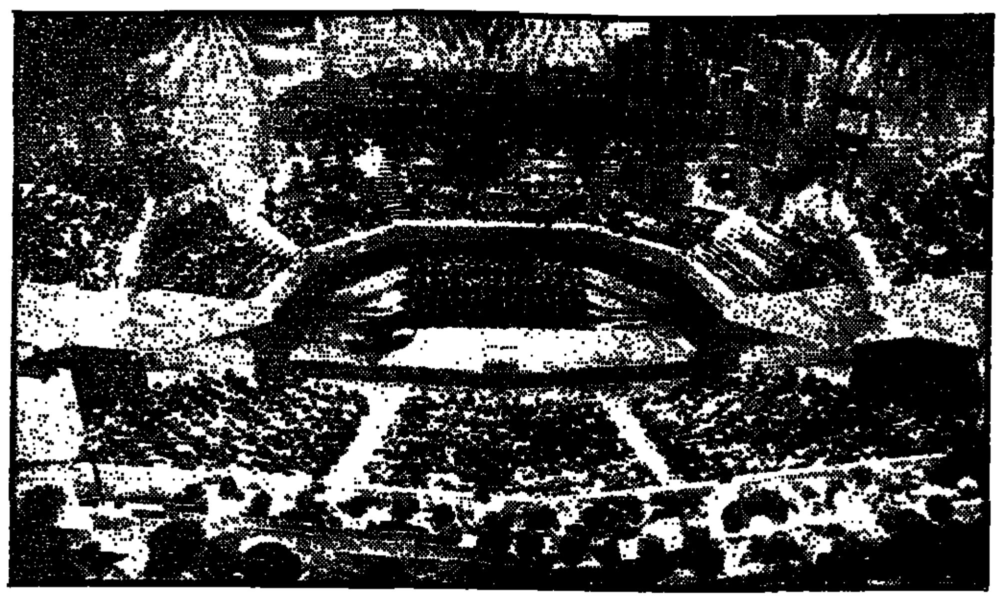
Against this background, there is some alarm over Mr Edwards' decision to take legislative powers to establish development corporations in Wales or to adapt an existing body.

The Land Authority for Wales has already been discussed as a possible vehicle for presiding over the barrage scheme and related redevelopments.

But it is a political hot potato. There would be deep resentment within Cardiff's local authorities over a further erosion of their powers. Mr Edwards has stressed that the legislative powers are precautionary and that he values the co-operation of the local authorities.

The point is being made in Welsh Office circles that neither city could call on either a land authority nor the multi-functional authority such as the Welsh Office to back up the redevelopment.

CARDIFF 4



St David's Hall can provide 2,000 seats for conferences as well as concerts

More room at the inns

CARDIFF's prestigious Angel Hotel, famous throughout Wales and the world (at least among rugby enthusiasts) as the place where international rugby teams stay for their appearances at the legendary Cardiff Arms Park immediately opposite, has just been given a £1.3m facelift by its owners, the Norfolk Capital Hotels Group.

The refurbishment has been designed to bring the hotel's bedrooms and facilities up to modern four-star standard and, in the words of Mr Peter Eyles, group managing director, "maintain the Angel as Cardiff's premier hotel."

It is also an acknowledgment that a powerful new competitor has just descended upon the Welsh hotel scene in the shape of Holiday Inns of Canada. Its new £9m Cardiff Holiday Inn of 190 bedrooms will open its doors for custom in a matter of weeks.

Holiday Inn's arrival was first rumoured in the 1970s. But it took the opening of Cardiff's St David's national concert hall, a substantial urban development grant from the Welsh Office, and signs of an end to the recession, before the go ahead was finally given.

The Cardiff Inn is strategically located in the heart of the central area, half way between the Cardiff mainline station and the St David's Hall. Its opening will increase, to 900, the number of beds in the Welsh capital enjoying four-star or three-star category.

Cardiff has long enjoyed an ample supply of visitor accommodation. There are another 700 beds in smaller hotels and guest houses and the university colleges' halls of residence are used out-of-term time. But an

Conferences & Tourism

adequate supply of first-class hotel accommodation is essential in Cardiff's drive to build up high-spending conference and tourist business.

The new Holiday Inn, as part of a worldwide chain, is also plugging the city into the international tourism circuit, thanks to its intimate connections with the North American travel trade, an asset which the city's other major hotels, despite their fine qualities, do not have.

As a general rule, Cardiff hotels have tended to enjoy adequate business during weekdays but suffer from insufficient trade at weekends.

It was because of this increased contribution which tourism can make to the local economy that the city council decided recently to create a Cardiff Convention / Tourism Bureau.

The St David's Hall, opened in 1982, has provided a major boost to the city's conference business enabling it to cater for meetings with up to 2,000 delegates for the first time.

Because the location of most major gatherings is decided several years in advance it has taken time for the city's conference business to build up. However, according to Mrs Sally Hart, the city Council's conference officer, 35 major gatherings and many other smaller meetings are now in the pipeline.

The build-up of conference business, which this year is estimated to be worth some £3m to the city, is also being assisted by the St David's Hall's greatest popularity with broadcasters. The home of the BBC Welsh Symphony Orchestra it has exceptionally good orchestral acoustics.

St David's Hall's main problem in seeking to maximise its conference appeal is a relative lack of exhibition space compared with its rivals. However, a scheme is afoot to put this right by converting the adjacent central library building, shortly to become redundant, to provide up to 10,000 sq ft of exhibition space and possibly a small lecture theatre. These would occupy the building's upper two floors and be linked to the hall by a walkway. The ground floors would house the new marketing bureau and possibly an arts centre.

Execution of this scheme cannot be started until the library is moved into a new home, 100 yards away. But the scheme is expected to be ready in time for conferences in 1990.

In international tourism terms, and even for the domestic visitor, Cardiff has never been thought of in the same terms as London and Edinburgh. Yet, within the city, there is an unusual variety of attractions to suit most tastes. They include Cardiff Castle, the Welsh National Museum, the Welsh Industrial and Maritime Museum on the one hand, and a fine array of shopping arcades on the other.

A new attraction, just introduced, is a conducted tour of the national rugby stadium. Another scheme under preparation is the construction of a £1.25m Wales Railway Centre, adjacent to Bute Street railway station.

One-stop shop for starters

"A REFRESHING alternative to the more traditional London and Edinburgh-oriented venture capital network" was how Mr Ron Sheldon, investment director of Charterhouse Japhet Venture Fund, desribes the "Cardiff consortium."

Launched earlier this month at the initiative of the Welsh Development Agency, the consortium has brought together six leading venture fund groups into partnership with the agency to provide risk capital for industrial start-ups and expansion projects of £100,000 and more.

Members of the consortium are Charterhouse Japhet, Citicorp Venture Capital, Development Capital Group, English Trust Company, the Welsh Venture Capital Fund and the WDA.

Mr David Waterstone, WDA managing director, says that the idea is to provide a one-stop shop for projects looking for venture capital. "Our longer-term aim is to encourage a growing financial services industry in the Welsh capital," he says.

Projects sent to the consortium's office at the WDA's Cardiff headquarters will be circulated to all the consortium members within, it is hoped, 24 hours.

Small investments will generally be backed by one member, while large ones are syndicated among the group. At the same time, the consortium will not be limiting its business to applications from present or prospective Welsh-based ventures. It will be ready to look at applications from anywhere in the UK. However only those located, or planning to locate, in Wales will also qualify for the WDA's back-up services.

Behind the initiative lies a belief that one of the handicaps Wales has suffered in seeking to modernise its economy has been a lack of access to a local venture capital market, and that there is a prejudice in the City of London against investing in Wales and Britain's other traditional industrial areas.

Venture Capital

Last year, Mr Nicholas Edwards, the Welsh Secretary, launched a bitter attack on the City financial institutions for their attitude. According to a recent investigation, the WDA has carried the main burden of providing venture capital.

Among other benefits, the consortium should absolve the WDA from the charge that it has been crowding out private sector venture capital by offering slightly more favourable terms, since it deals with taxpayers' rather than borrowed money.

There are others involved in the venture-funding business in Cardiff who are sceptical of the suggestion that the City, or even the relatively underdeveloped local capital market, is to blame for at least part of Wales's economic problems.

Mr Charles Richardson, 3i's Cardiff manager, says that there has always been abundance of money for viable projects. His long-established Welsh office has approaching £30m invested in Welsh industry.

It counts among its investment successes the Laura Ashley fashion group. He also points out that all the commercial banks now have venture capital subsidiaries.

Mr Hywel Jones, of accountants Coopers & Lybrand, also argues that local venture capital is not really a problem. With London only two hours away by train, he has been able to channel a good deal of venture funding into Welsh-based projects by frequent visits to pension fund managers in the City.

He says that this has enabled him to put together half a dozen management buy-outs in the past six months, the most recent involving funding of £6.65m.

Mr Jones welcomes the creation of the Cardiff consortium. He suggests that it could enable clients seeking venture capital to negotiate a better deal since the competition for attractive projects should be fiercer.

Cooper & Lybrand is alone among the "big eight" accountancy firms in having established a fully-fledged management consultancy department in Cardiff, another essential ingredient if Cardiff is to have a comprehensive professional services sector. The management consultancy is headed by Mr Jim Driscoll, former industry director at the Welsh Office.

The other seven major UK accountancy firms have an established presence in Cardiff and have long expanded the range of services they offer beyond auditing. A typical initiative has come from Touche Ross. It has just published a booklet advising small companies on how to write a business plan.

It is written by Mr Stuart Lindsay, a partner in the firm's Cardiff office, based on his experience during a recent period of secondment to the Welsh Office to help process companies' applications for assistance.

The belief that the Welsh economy would benefit from a stronger local financial sector inspired the setting up the Commercial Bank of Wales in the early 1970s. Now with group assets in excess of £100m, the bank has this year established an autonomous subsidiary, Business Centre Wales, to offer a selected range of merchant banking services to local companies, including business consultancy, computer services and support for raising equity and debt finance.

Corporate legal services, once the virtual monopoly of London firms of solicitors, are also now coming in to their own in the Welsh capital. One feature of a takeover battle between John Williams and Wyndhams, two Cardiff companies, was that the legal advisers on each side were Cardiff-based.

Mr Michael Jones, of Hugh James Jones and Jenkins, and Cardiff spokesman for the Law Society, says that there has been a dramatic change in 20 years. When he had started in the profession there had been only one Cardiff firm with more than five partners. Today there are at least five with more than 15 partners, allowing for the growth in specialist departments.

Mr Jones says that telex and the growth in other data communication services mean that Cardiff firms can quickly get written specialist advice from quarters which, only a few years ago, would have required a personal visit.

Help for business ideas

ONE OF the key economic developments of the 1980s in Britain has been the growing involvement of local government and academic institutions in job creation. The days have long passed since local councils argued that their role was simply to provide services and the universities insisted that their job was only research and teaching.

Cardiff illustrates both trends. Among initiatives, the county authorities have set up a workshop, with creche, to train unemployed women in new information technologies. They have commissioned a study of Cardiff's expanded broadcasting and media services in the wake of the creation of the Welsh fourth television channel to look for gaps which could be filled and so create jobs.

The county is also co-operating with developers to sponsor apprenticeships and training in building to ensure that unemployed youngsters benefit from jobs created by the docklands redevelopment schemes.

This came through strong pressure from Mr Paddy Kitson, chairman of South Glamorgan economic committee and his wife Gaynor, representatives for the docklands community on the county and city councils respectively.

Cardiff and Vale Enterprise (Cave), the local enterprise agency, is one of the largest of its kind in the country. It is enthusiastically supported by South Glamorgan County and Cardiff City councils, as well as the business community.

Job Creation

Mr Peter Fortune, Cardiff's industrial development officer, is working with eight executives, mainly seconded from industry with a range of skills, to encourage new businesses and ultimately more jobs.

Since Cave was launched in 1982-83, it reckons to have played a significant role in assisting business ventures which will create about 2,550 jobs by the end of this year at an estimated cost per job of £150.

A survey by Business in the Community of 236 Cave clients—the agency averages 25 new ones a week—suggested that without assistance: 11 per cent would not have started in business; 8 per cent already in business would have gone to the wall; 23 per cent of start-ups and 15 per cent of existing companies regarded its role as "crucial" in helping to create or save jobs; and double that proportion considered the agency's role "useful" in that same capacity.

According to Mr David Davies, the managing executive, there has been a failure rate of less than 5 per cent among the businesses assisted by Cave compared with a norm of more than 30 per cent.

Cave is not just interested in promoting conventional businesses. One executive specialises in assisting the setting up and running of co-operatives. Another works on problems associated with innovation of new products, building of prototypes, patent law etc.

The City Council has one group of workshops, the Douglas Innovation Centre, set aside for innovators or small technical businesses. It also provides up to £4,000 grants towards innovative projects which have a reasonable chance of providing jobs.

Innovation as a source of job creation lies at the heart of the activities of Cardiff University Industry Centre and its manager, Mr Clive Jones, has been identifying, developing and exploiting innovative projects conceived within the university's scientific departments for seven years.

It has adopted 35 projects, 10 of which have reached the commercial launch stage, five launched as new companies, and two licensed to local companies as new products.

Mr Jones calculates that the successes have created or sustained 164 jobs and that the new companies have considerable scope for further job creation within three to five years of the start of the company.

This may seem modest, but the launch rate of 28 per cent compares with an accepted average for UK industrial research and development of less than 5 per cent of development projects going commercial that the average period between idea and product is eight years, and that profits on those that survive are usually earned three to five years later.

Mr Jones says that the centre has suffered two big problems. One is the time taken to raise venture capital — which he hopes will be eased by this month's launch of the Cardiff Consortium. The other, less easily solved, is obtaining management for new companies who are experienced in launching innovative ventures.

THE MANAGEMENT PAGE: Small Business

EDITED BY CHRISTOPHER LORENZ

Life beyond a buy-out

William Dawkins re-visits a Cornish printer

THE MOST often heard criticism of management buy-outs is that they tend to end up with so much debt that they find it hard to invest in new plant, let alone make strategic decisions about the future.

However, evidence that life is possible after a heavily geared buy-out comes from Roffs Print, a small specialist printer acquired by its management for £1.3m from its two founders four years ago. When the Cornwall-based group last appeared on this page on November 29 1983, its £650,000 debts were supported by equity of the same amount; a potentially suffocating burden which even now Cliff Brown, the managing director, admits, "I do not like to spend too much time thinking about."

Since then, the group has not only repaid some of its medium term loan to Barclays Merchant Bank so that gearing has fallen from 100 per cent to around 70 per cent, but it has also spent £774,000 on presses and other equipment—essential to keep up in an industry that is adopting new technology fast. As a mark of the intensity of the competition faced by Roffs Print, Brown preferred last year to break up an old press for spares rather than sell it to a rival when replacing it with a new one.

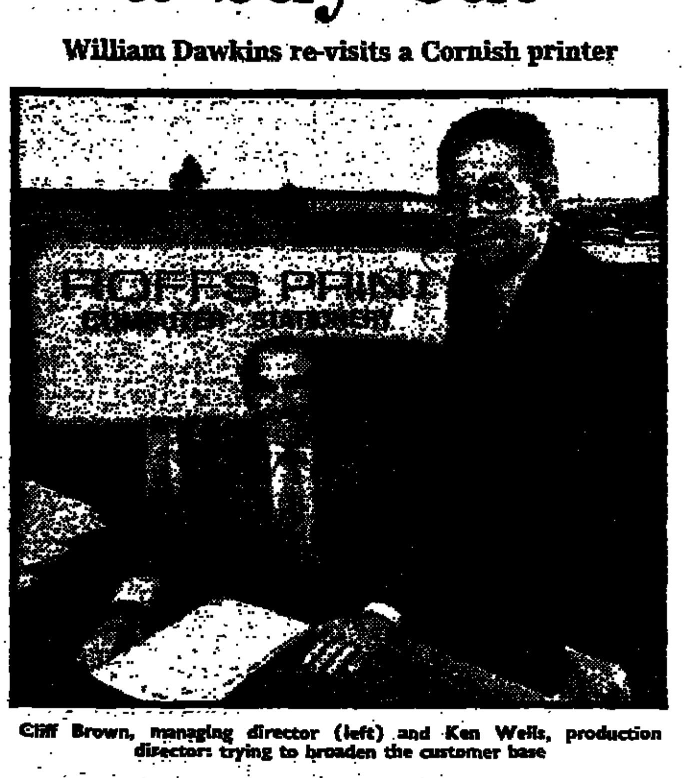
Yet the group's profits record has been dull. Sales have done well enough, up from £3.4m in the year to March 1984 to a record £5.5m in the year just ended. But taxable profits slipped badly from £300,000 in 1983 to £175,000 two years later, though they crept back towards £350,000 in the year ended last month.

That erratic performance has more to do with the sacrifices Brown has made to broaden Roffs Print's customer base in an overcrowded market than with the cost of servicing capital. Finance charges are certainly heavy—interest, fixed dividends and capital repayments came to £173,000 last year—but they pale into insignificance against the £3m spent on buying over the same period.

Two and a half years ago, half of Roffs Print's sales went to one customer, Her Majesty's Stationery Office, placing it in a vulnerable position in an industry that is only growing at 1 per cent a year, estimates Brown. Now the HMSO, which takes forms like TV licence reminders, tax returns and social services documents from Roffs Print, accounts for 43 per cent of sales as a result of the group's efforts to broaden its customer base.

"There is very little customer loyalty in our business," says Brown. "The only way we could build up our commercial sales was to cut margins and then try to build them up again as we gained a reputation."

It has taken a long time for that strategy to have much effect. Only a tenth of last year's turnover, for instance, came from new customers and just over a quarter came from business picked up since 1982. The reason for the slowness is that the largest customers requiring the long print runs in which Roffs Print specialises—runs of up to 15m forms are not unusual at its plant just outside Falmouth—usually order just once a year.


Cliff Brown, managing director (left) and Ken Wells, production director: trying to broaden the customer base

That Roffs Print has survived the triple strain of having to undercut rivals and invest in new machinery while carrying so much debt is in part due to the old-fashioned good housekeeping practiced by Brown and his newly appointed finance director, Mike Murphy, who joined the company five years ago after being made redundant by the closure of a Fisher Controls plant in Penzance.

Murphy's most significant achievement has been to extend the credit that Roffs Print gets from suppliers from 40 days to 62, which has a big impact on a business that spends more than half of annual turnover on raw materials. Murphy admits that he has been helped by overcapacity in the paper making industry. This has also allowed him to persuade suppliers to hold—and indirectly to finance—20 per cent of the company's stocks.

Cash flow has also been improved through the appointment of a full-time credit controller shortly after the buy-out. Roffs Print claims that it has never had a bad debt, but cheques can be slow to emerge from the bureaucracies of its big customers unless somebody is on hand to chase them.

But Brown is keenly aware that releasing the cash to buy more modern equipment is futile if plant is used inefficiently. That is why last year he offered his 77 staff almost unlimited overtime in exchange for an agreement to provide full holiday cover. Previously, one of the group's four presses was out of action for the equivalent of three months annually.

All this fine tuning has brought Roffs Print to something of a watershed. Brown expects turnover to rise by 12 per cent this year on the strength of diversifications into forms for laser printers and for promotional uses, but after that he admits that organic growth will be much harder to achieve. "The question of what to do next is exercising our minds more and more," he says. "We can't go on doing more of the same indefinitely."

There is certainly scope for Roffs Print to be taken over. Barclays Development Capital, which owns 40 per cent of the equity, will want to realise its profits some time. And the past year alone has seen four takeovers or mergers among larger specialist printers.

In most cases, the purpose has been to achieve economies of scale for the bidder, though in one recent instance.

That is why, says Brown, Roffs Print is unlikely ever to be a willing takeover target — indeed it has already politely turned away several suitors. He is convinced that the small company's geographical remoteness means that a large owner seeking to shed capacity might easily close Roffs Print first without taking its real performance into account—a fear which Murphy certainly shares.

One answer, Brown believes, is to follow the stronger members of the industry by joining the acquisition trail and attempting to impose the house keeping virtues learned at Roffs Print on to less well-run businesses.

Roffs Print took a first step in that direction last week when it paid a nominal sum for Datachase, a small printer of computer stationery with annual sales of £300,000 in nearby Launceston. Datachase, which recently went into receivership, takes Roffs Print into the smallest end of the market, with print runs of up to 10,000. Unlike the Falmouth company, it sells to dealers rather than direct, a pattern being followed by almost all the present avalanche of new entrants to specialist printing because it gives easier access to smaller private-sector customers.

Risk capital 'normality' fears

William Dawkins, in Washington, reports on changing attitudes of venture capitalists following a recent industry shake-out

THE US venture capital industry has emerged from the worst shakeout that even its most experienced practitioners can remember, but the reprieve is likely to be short-lived.

Just over 600 of the US risk investment industry's top players met in Washington last week for the annual conference of the National Venture Capital Association. Delegates' unanimous relief that the sharp declines in valuations of high technology stocks which began nearly two years ago was over was tempered with fears that the present "normality" would not last long.

The consensus was that the shake-out has left many fund managers with a preference for making larger and fewer investments than before and a less tolerant attitude towards unprofitable ventures: a shift which is already becoming apparent among British venture capitalists.

In contrast to most of last year, the new issues market was now buoyant, big institutional investors were showing strong interest in backing unquoted ventures and good propositions were surfacing relatively plentifully, "like fish rising to the bait," said Frank Caufield, a senior partner in Kleiner Perkins Caufield & Byers, one of the largest venture capital groups in the US.

However, Caufield warned that if the industry's past volatility was anything to go by, "this period of normality will be brief . . . my guess is that it will be over sooner rather than later."

One reason put forward for the recent problems of US venture capital was an indiscriminate rush into risk investment by a large number of new fund managers with little experience of running small businesses. "They did not do so well as they hoped, but they were not decimated either," maintained Caufield, who argued that the survivors from the influx had nevertheless helped to transform venture capital from a "cottage industry" into a major business.

In making that transformation, many — though not all — groups had changed investment preferences away from the small high technology start-ups of the type on which they burned their fingers in recent years towards later stage financings of more established companies. "We are all more cynical and tougher now," said Don Ackerman of J. H. Whitney and Co.

David Hathaway of Venrock Associates, which manages the Rockefeller family's private fortune, pointed out that while there was no shortage of risk capital for top quality enterprises with experienced management, "many secondary companies have liquidity problems which still have not been solved."

Delegates agreed that in the past too many funds had backed too many similar and competing businesses in areas like semiconductor manufacturing, microprocessors and more recently software. This meant that several companies had failed simply because venture capitalists had been forced by their own lack of resources to withdraw support, admitted Ackerman. "We have been through an unfortunate period of choosing which babies should survive because we did not have the time to feed them all," he said. Others had only barely survived, giving rise to a new type of deal, the so-called "restart," whereby venture capitalists attempt to revive an ailing business by changing the entire management team and relaunching its products.

If the industry had been dogged by too many closely competing investments, that situation was likely to continue for some time, argued Hathaway. He maintained that after the spectacular advances in computer technology of the past five years it would be unrealistic to expect breakthroughs on a similar scale in the foreseeable future.

"We are entering a period where we will be faced with a decline in technological uniqueness. Already it is hard to find companies with proprietary technology—and if they have it it can easily be out of date within months or even weeks. There is still an absence of distinctiveness between many of the ventures that are being formed. That means there is very little margin for error," said Hathaway.

He was also anxious that the growing presence of big institutional investors in risk capital might put pressure on fund managers to be judged on the same criteria as their counterparts handling conventional quoted equity funds. Hathaway emphasised that venture fund managers should not be judged on short-term performance. "We are builders of companies," he said, "not buyers and sellers of securities."

In brief . . .

EIGHT leading funding or development agencies based in the north west of England or strongly represented there have agreed to combine resources where appropriate to syndicate development or venture capital finance. Large-scale syndication is relatively new in the region—until now various bodies and funds have tended to back businesses on their own or in twos or threes.

The new arrangement, which will be centred on Manchester and will operate informally, will enable large amounts of development capital to be provided from within the region, reducing dependence at this end of the spectrum on London markets and funds. Locally-financed "multi-million pound" transactions are expected.

The eight bodies are County Bank, 3i, Greater Manchester Economic Development Council, Greater Manchester Council Superannuation Fund, London and Scottish Finance, Mynshul Trust, North West Regional Fund and Lancashire Enterprises.

According to County Bank's Stephen Moore: "We are interested in leveraged management buy-outs, companies requiring expansion capital and —though exceptional—start-up capital. In all cases, however, we would expect a strong management team with entrepreneurial flair to be in place."

•

NOMINATIONS are now open for the Scottish Business Achievement Award, run by the Scottish Development Agency and the Scotsman. Candidates mut be under 40 and have demonstrated outstanding business qualities. The award will be presented by Malcolm Rifkind, the Scottish Secretary, at a charity lunch on July 4.

•

URBED, a London-based non-profit training company aimed at helping people start and develop their own businesses, is holding an open day on May 14 at the Trocadero, Rupert Street, London, to explain how its "cascade" approach works.

The central theme is that it takes most people 5-10 years to develop a business idea fully, and that it involves various phases, so training must be given for each. It even seems appropriate, therefore, that Urbed's approach should in itself have taken eight years to become refined. Most of Urbed's courses are sponsored by the MSC and cover such phases as assessing prospects, improving them, working for yourself, getting going, and managing small business, may involve short, residential courses. One aim is to develop personal vision as well as business skills so as to help people appreciate new markets and sources of finance.

•

THE Council for Small Industries in Rural Areas has joined with the Automobile Association to produce a guide listing craft workshops in the English countryside. The guide costs £3.95, from AA centres, most bookshops and the council's head office at 141 Castle Street, Salisbury, Wiltshire SP1 3TP.

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Tel: 01-486 8142
Professionals in buying & selling companies

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Newcastle upon Tyne NE1 5RS

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Tel: 051-443 4187
Completed tender forms must be received no later than noon on 19th May 1986.
R. PENN
Clerk to the Authority

Company Notices

THE ROYAL BANK OF SCOTLAND plc
(the "Issuer")

NOTICE
to the holders of the outstanding U.S.$25,000,000 8¼% Guaranteed Capital Bonds 1987
(the "Bonds")
originally issued by
Williams & Glyn's Bank Limited
of the
EARLY REDEMPTION on 1st June 1986 of all of the Bonds by the Issuer

NOTICE IS HEREBY GIVEN to the holders of the Bonds that, in accordance with Condition 4(C) of the Bonds, the Issuer will redeem at their principal amount all of the Bonds then outstanding on 1st June 1986 (the "redemption date"). Payment of principal will be made on or after the business day next following the redemption date at the specified office of any of the Paying Agents listed below, against surrender of Bonds (which should have all unmatured coupons attached failing which the amount of any missing unmatured coupons will be deducted from the sum due for payment. Any amounts of principal so deducted will be paid against surrender of the relative missing Coupon or Coupons within a period of 12 years from the redemption date). Coupon No. 14 maturing on 1st June 1986 should be presented for payment in the usual manner.

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75008 Paris
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1.20121. Milan

THE ROYAL BANK OF SCOTLAND plc

GENERALE
SOCIETE GENERALE DE BELGIQUE
GENERALE MAATSCHAPPIJ VAN BELGIE
Public Limited Company

Incorporated in Brussels by Royal Decree on 28 August 1822
Registered Office: 30 rue Royale, 1000 Brussels
Trade Register Number: Brussels 17.457

The Management is pleased to invite shareholders to attend the company's reception rooms at 30 rue Royale, Brussels, on Tuesday 6 May 1986 at 10.30 am
• for the Annual General Meeting, in accordance with Article 34 of the Memorandum and Articles of Association, to discuss the following agenda:

AGENDA

...

In Belgium: Generale Bank
In France: Générale de Banque Belge (France)
In Luxembourg: Banque Générale du Luxembourg
In the UK: Banque Belge Ltd.
In Switzerland: Crédit Suisse
Société de Banque Suisse
Union de Banques Suisses

J. de FAUCONVAL
Director-Secretary
R. LAMY
Governor

Brussels, 25 April 1986.

COPENHAGEN HANDELSBANK A/S
Danish Kroner 500,000,000
8½% Bonds due 1996

Notice is hereby given that, pursuant to the provisions of the clause "Status of the Bonds" of the terms and conditions of the Bonds, Copenhagen Handelsbank A/S (the "Bank"), has elected to subordinate the Bonds with effect from May 15, 1986.
Each Bond following the subordination on May 15, 1986, will constitute direct, unconditional and unsecured obligations of the Issuer ranking as subordinated debt.
The Bonds will then rank pari passu without any preference among themselves with all other present and future subordinated debt of the Bank.
Banque Internationale à Luxembourg
Société Anonyme
Fiscal and Principal Paying Agent
Dated April 29, 1986

SAINT-GOBAIN
ECU 125,000,000—Loan at variable interest rate and for fixed maturities 1984-1996
Bondholders are hereby informed that the rate applicable for the third interest period has been fixed at 7⅝%.
Coupon No. 3 will be payable as from October 24th, 1986 at price of ECU 192.21, equivalent to an interest of 7⅝% calculated on the basis of 183/360ths covering the period from April 24th, 1986 to October 23rd 1986 inclusive.
Fiscal Agent & Reference Agent
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Galleries/William Packer

Miracle of talent that flies from a parlous nest

Our art schools remain a problem and an enigma, blessed with conventional pieties of support and encouragement, yet reduced to an ever more parlous state in staff and funding. The educational processes, which they have stood by and justified over many decades—for it is a myth they are the creatures of the 1960s—are at best a mystery, at worst the object of cynical contempt to administrators, educationalists and politicians at large.

Certainly there are few votes to be had, locally or nationally, in their interest, and if economies are to be made there are all too few to mourn the closure of a fine art course here or the trimming of a design course there. Yet the record speaks for itself, with our sculptors and painters winning international recognition in each successive generation and our designers whisked abroad, from beneath the noses of our own myopic and indifferent industrialists, to fuel the competition.

The irony is that these very schools by which we set so little store are unmatched abroad in number and variety, and envied above all for the quality they sustain across the full range of disciplines. None have stood higher in their different characters than the four long-established London schools offering fine art among their many courses: Saint Martin's, Camberwell, Chelsea and The Central, each jealous of its equal standing for the particular opportunities and emphases it affords its students.

When we heard a year or two ago, therefore, that after fostering such healthy independence for so long the Inner London Education Authority not only now proposed, but was arbitrarily decided upon, a general amalgamation of the four, together with the London Colleges of Fashion, Printing, and Distributive Trades, we could only fear that such rationalisation meant in truth *a reduction overall, and with it* an actual loss of quality and identity.

We shall see. As it is, the new body, The London Institute, has been with us since the New Year, sprung up fully formed as the largest school of art and design in Western Europe. With the active support of the ILEA which, in the *words of its leader, Mrs* Frances Morrell, glosses the creation of the Institute as "an act of faith . . . in the importance of art and design to Britain's future," it is determined immediately both to declare and justify itself in its intentions at least, if not in its achievements.

Already a course of exhibitions has been embarked upon designed specifically to allay our fears. Each discipline will take its turn and, in starting with the work of the four departments of fine art, the Institute addresses at once a most important point of principle and political contention.

Whether or not our masters take it, should they see the im*pressive selection of painting,* sculpture, fine print-making and the time-based work in film and video that now fills the exhibition floor at the Royal Festival Hall (until May 26), is another matter, but together the Institute and the ILEA—to its credit for once—make it plain and sharp enough.

The Government, too, has been paying lip service lately to the revolutionary idea that *there may be something in* Design after all, though it is clear that crude financial argu*ments rather than those more* fundamental to our culture have proved the more persua*sive. But even then, as though* to show how deeply these things are still misunderstood, *the new enthusiasm for* Design must needs be at the expense of something else, and what better candidate could there be *than Art?*

Whatever the pieties expressed, the funding constraints have forced upon the National Advisory Body for Higher Education, under whose care the art schools fall, the logic of wholesale cuts of a course here, resources there. The proposal is that Design courses should be *protected*, which *sophistry* would leave the courses in Fine Art to suffer disproportionately the cuts of some 20 per cent required. The ILEA will have none of it and, if we may reserve judgment on the particular wisdom of not leaving well alone in forcing the Institute into being, now that it is here we can only *applaud the commitment within* it by the ILEA to the obvious and necessary equivalence and *interdependency of all the* disciplines.

"We regard all the branches of the arts as having equal value," says Mrs Morrell in her introduction to the catalogue. "We think it desirable that students working in each discipline draw strength from overlapping involvement in other courses. . . ." It is simply astonishing that in a mature and civilised society such mild, obvious, unimpeachable sentiments should ever need to be expressed, let alone expressed with some urgency in circumstances of actual crisis.

The London schools, with their flourishing departments of Fine Art, may be safe for now, their particular characters not so much at risk as had been feared, the mood within them on the part of the artists and teachers who run them, after the early misgivings, one of qualified optimism and determination to make them work under the new dispensation.

The rest of the country is another matter, the mood one of resignation if not of actual despair, *for it is* hard to see how many of even the major schools born of Victorian civic pride and duty and given new life in those optimistic early 1960s, can survive many more years of mendacious policies and cynical under-funding. This is no party matter, for we have been brought to this present pass by slow attrition, government turn and turn about, over nearly 20 years.

The miracle is that talent still comes forward to be encouraged and celebrated. Who is to say how far or high these young artists will fly, who for the moment represent their schools and departments rather before themselves? Their vigour and engagement are manifest, as is their commitment to work carried through for its own sake on its own terms, from which all truly creative freedom springs. *It is* this disinterested example, quite as much as any particular invention, which contributes *so* much to any school that is truly a school of Art and Design. *Without Art, indeed, there can* be no true Design.

The show was unhung when I walked round it at the weekend and it would be invidious to pick out individuals when so much had still to be arranged. I would say, however, that in insisting upon a proper structure of substantial screens to show off the work, the Institute has forced upon the Festival Hall at last a proper responsibility by which any future exhibitor must benefit. The policy of holding exhibitions in so busy a concourse is admirable in itself but too often abused in the past by thoughtless and unprofessional display. Good may come of it all yet.

Portrait of Betty, by Rachel Levitas of Camberwell College of Art, in the London Institute exhibition

New York Dance/David Vaughan

Muscle-bound steps

In New York in 1957, Paul Taylor gave one of his first dance concerts, with the artistic collaboration of Robert Rauschenberg. *In one dance, Duet,* Taylor stood and his partner sat, motionless, for three minutes. A solo, *Epic*, was performed to a recording of telephone time signals. The magazine *Dance Observer* "reviewed" the concert with a blank space initialled by the editor, Louis Horst.

Not all Taylor's early dances were as provocative; from the first, he had exhibited a markedly individual, even idiosyncratic, movement idiom derived from his own monumental musculature, alleviated by an acute rhythmic sense and playful wit.

Almost 30 years later, Taylor *is a leading figure in the* modern dance. (Last year, he and Merce Cunningham were *the first choreographers to* receive the prestigious MacArthur Foundation Award, *often called the* "genius award.") Even while he was pursuing his early experiments he had danced in the Martha Graham company, but he left in 1962 to devote himself to his own choreographic career.

He began to make pieces whose choreographic structure and relation to musical accompaniment were along more traditional lines, perhaps feeling that he had already exhausted for himself the possibilities of the minimalist or pedestrian movement that a new generation of choreographers was exploring.

Junction, originally made in 1961 and revived in Taylor's *recent season at the City Center* Theater, though it has apparently undergone various modi*fications in the intervening* years, still shows signs of having been a transitional work, made on dancers who *helped* form his movement style. The choreography often runs *counter to the music of the* Bach suites for solo cello that accompany it.

Particularly since he stopped dancing himself some years ago, there has been a diminution of Taylor's choreographic vocabulary. In one of the season's new dances, *Ab Ovo Usque Ad Mala* (loosely translated in a subtitle as "from soup to nuts"), Taylor treads the always dangerous path of self-parody. Anna Kisselgoff, in the *New York Times*, suggested that he had made use of "hundreds of his favourite steps" in a comic context. Frankly, I hadn't thought there were that many. There are the loping runs, the little sideways cabrioles and chain-steps and skips, the jumps with feet pulled up together, the arms held *in a semi-circle or slicing* arcs through the air, the hips lifted and turned en dedans, *that constitute the idiom* familiar from dances Taylor has made to music of composers *like Handel* and Boyce, Schubert and Brahms. But what the idiom really looks like is a kind of homogenized Graham technique.

Ab Ovo... is danced to parodies of Baroque music by Peter Schickele ("P.D.Q.Bach") and is similarly facetious. It is on the same level as an undergraduate musical show; one of its jokes is that the men in the company look like klutzes. And indeed, looking at the other new work of the season, *A Musical Offering*, I thought that Taylor is the only choreographer who has raised being muscle-bound into a style. The piece was described by Ms Kisselgoff as "a Polynesian ritual", inspired, she said, by "statues from New Guinea." Such imagery seems rather remote from Bach's music, and she perhaps has privileged information. Lacking it, one might assume that the dancers were made to move like stiff-legged automata, their *arms* held in the way traditionally associated in ballet with dolls.

The piece shows the tremendous assurance Taylor has always possessed in dealing with a complex musical *score*, but even here, where he has been at pains to create a choreographic structure *to match that* of the music, his real concern seems to be with illustration *rather than with form. This is* true also of two works that have been revived and reworked this *season: Nightshade (1979), a* Goreyesque Gothick Grand-Guignol, and . . . *Byzantium (1984), the dance equivalent* of what used to be called a problem picture.

It is only fair to state that I am clearly in a minority, among my colleagues and the *audience* as a whole, in finding that Taylor's choreographic utterance is no longer fresh and engaging. He is often described as a contemporary classicist, but the designation is a puzzling one; in our time, it is usually applied to those choreographers, like Balanchine and Cunningham, who have insisted on the right of dancing to be its own subject-matter.

Taylor, it seems to me, has reverted in his own way to the traditional concept of dance as an imitative art. The concept is of course a legitimate one, and puts him in honourable company, among such choreographers as Fokin, Tudor, Robbins and the first generation of moderns.

Tocco & Eschenbach/Festival Hall

David Murray

The American pianist James Tocco made a superb recording of Copland pieces not long ago, and I hurried to hear him play Chopin's E minor Concerto on Sunday with the London Philharmonic. In the event one learned nothing new about him or Chopin: he was expert, tasteful and in *command* of the requisite digital sparkle, but seemed disinclined to add personality to the music. He turned many effects prettily, while allowing himself only a minimum of rubato. Occasionally there was more steel in his tone than one wanted, but his scrupulous pianissimo was very delicate.

Occasionally he was jostled by the orchestra, which was being conducted by another pianist — Christoph Eschenbach. Had he been playing himself, it was hard to believe that he would have liked so bumpy an accompaniment to the twinkling piano tune in mid-Finale. The horn and bassoon obbligati were very forward (though skilful). The opening ritornello was forcefully sonorous as the high points of Berlioz' *Roman Carnival* Overture had been—a measured performance, that one, deliberate and rather underbright at the start, but it built *a considerable head of steam.*

Tchaikovsky's Fifth Symphony had as many self-conscious touches, and some peculiar balance. Tchaikovsky's favourite horn-chord accompaniments were kept loudly insistent, to the point of inducing headache, and inner voices of minor interest were often thrust into the foreground.

Slow tempi were rigidly held; approaching climaxes in faster music were signalled by sudden hard pushes, and stridently capped. There are many passages in the Fifth that can sound grimly bombastic, and they all did. It was a performance of some intensity, but with no *leavening warmth.*

Louis Lortie/Elizabeth Hall

Andrew Clements

That Louis Lortie should have been given first prize in the 1984 Leeds Piano Competition was a widely held view, reinforced in large measure by his Wigmore Hall recital last November. David Murray described Lortie on that occasion as "a model of good sense and strong technique" and his recital at the Elizabeth Hall on Sunday afternoon left much the same impression.

In *November Lortie played* Beethoven, Ravel and Chopin; this time he chose a demanding *selection of Liszt and Brahms*, and proved himself at present more closely attuned to the former. As a balanced programme it was not ideal: the sequence of Liszt studies—the Three Concert Studies and the last four of the Transcendental Studies—placed great demands on the pianist's powers of characterisation.

In general he managed well, his technique unobtrusively impeccable (insofar as that is possible in such pieces) and on occasion produced some arrestingly beautiful effects: the swirling scales of the F minor Concert Study were delicately shaded and absolutely in place.

By the end of the group, however, even his powers of persuasiveness and elegant address were beginning to wane, and "Chasee neige" was disappointingly prosaic, the left-hand figures blunted, the defini*tion coarse. And while Brahms'* F minor Sonata contained many enviable things, not least the *clean lines of the scherzo* and the lack of rhetorical excess on the opening movement, the per*formance as a whole was not* convincing.

The grip Lortie had demonstrated in sustaining *such Liszt* pieces as the A flat Study and "Ricordanza" did not carry through into the sonata. Nothing was out of place or half-hearted but the finale in particular seemed simply to go through the motions without any sense of conclusiveness.

Francois Rabbath/Wigmore Hall

Richard Fairman

Few composers of note have accorded the double *bass solo* status. In their respective fields a Galway or a Lloyd Webber can dig over musical history to keep their repertoire alive, but *for a bass-player the spade is* unlikely to bring up much that is worthwhile. The best option is to write the music yourself—just what François Rabbath, French soloist *extraordinaire*, does to perfection.

Rabbath's return visit to the Wigmore Hall on Sunday seems to have been a typically *eccentric success. In one of his* programmes you can never be sure exactly what is coming *next. One reason for this is* that he happily mixes up the items, forgets to tell the audience what *he is playing and is even* content to tune up in the middle of a piece and then carry on.

The other is the sheer versatility of the man. In his music Rabbath makes the double bass not one instrument, but many: *a sitar in all but name for Poucha Dass*, hunting horns, a cello, or even electronic noises in *Breiz*, a solo of quite astonishing virtuosity.

Yet the showmanship *is* not all. Several of his compositions were in a simpler vein, making a varied programme and ensuring that his sincerity in music *also has a place. In the most* extended work, his Concerto No 3, a lovely piece of tearful Gallic sentimentality, the tunes sang out with all the eloquence of the best baritone.

It is impossible not to warm to Rabbath, either as a man or as a virtuoso. His quirky spoken introductions, his dis*armingly casual manner, his* love for whales and pink lakes in African deserts (how did those get into the recital?) make him an unbeatable performer.

Saleroom/Antony Thorncroft

Hatcher hits jackpot

The Hatcher sale of Chinese porcelain—the 150,000 items that "Captain" Hatcher hauled up from the bed of the South China Sea—got off to a spectacular start at Christie's in Amsterdam yesterday. The morning session totalled 2,586,997 Dutch guilders (£699,188), around five times the forecast, suggesting that the total from the week of sales will far exceed the cautious £4m estimated by Christie's.

The top prices were among the "fish" pattern blue and white dishes. Bernheimer, a London dealer, paid £31,351 for a pair of dishes of 1751, as against an estimate of around £3,000. A single dish sold for £28,216, as against a forecast of less than £2,000: it was bought by Mr Ong, a member of Captain Hatcher's crew.

Two other lots, each consisting of two blue and white "fish" dishes, made £20,378, against an estimate of around *£3,000 each. More than* a thousand people registered to bid at the auction and more than 20,000 viewed the exhibits.

Obviously the major promotional campaign by Christie's has paid off handsomely, and "Captain" Hatcher and his crew will be rich men by Friday night. The intriguing question now is what impact this mammoth sale will have on the market for 18th century Chinese export porcelain. A most bizarre thing has happened—the quantity available for trading has perhaps doubled *overnight* and yet, because of the publicity, prices have spiralled upwards. Will *only "Hatcher" items* command a premium, or will the entire market benefit?

SOS Band and Joe Cocker

Antony Thorncroft

"Sex and drugs and opera" as a slogan probably never managed to fill Covent Garden and yet the theme's inspiration, "*sex and drugs and rock 'n' roll*," is equally misleading. True, there are often odd sweet smells at pop concerts, and sometimes, for an encore, the bands will play rock 'n' roll standards, but since P. J. Proby split his trousers with burgeon*ing monotony* the sex has been fairly thinly spread.

So it was quite a shock to catch the SOS Band at the Hammersmith Odeon over the weekend. This 10-strong multi-gender, multi-colour, outfit from Atlanta use sex as the most powerful instrument in their line-up. There is no room for innuendo as the man playing the keyboard bass lays it aside to show what he likes doing to young girls with big bottoms, and so that no one should be misinformed two ladies are lured on stage to act *out the fantasies.*

Since the disco soul which the SOS Band oozes out—in its rhythms, most of its lyrics, and in the whole purpose of the *social occasion*—is directed at mating, it is surprising that we should be surprised when we see the affair carried (nearly) to its logical conclusion. There seemed little embarrassment in the audience, and the play-off between the mainly girl singers, Mary Davis on lead, and the so-solidly funky band produced an exhilarating if unsubtle evening. But why can only black bands get away with such blatant sexism and chauvinism?

*

The house on Sunday was *in a much more sedate mood*, which is perhaps a black mark against Joe Cocker who, in the past, had been something of a rebel-rouser. There was nothing wrong with his band, one of those laid-back American combos in which the lead guitarist likes nothing better than swapping flashy *riffs* with the sax player, and Cocker himself was suitably heroic, now all balding and beer belly but with a voice just as fractured.

But too many of the new songs are banal and it was only on the occasions when he reached for the blues, and an impassioned "Watching the River Flow," that the event thrilled. "With a Little Help from My Friends" was almost subdued; you could not help *but feel that Joe Cocker is* impaled on the memories of his past excesses rather than his recent successes.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

April 27-May 1

Opera and Ballet

WEST GERMANY

Berlin, Deutsche Oper: Zar und Zimmermann is a well done repertoire performance. Madame Butterfly has Raina Kabaivanska brilliant as Cho Cho-San. Der fliegende Holländer has Kaja Borris and Victor von Halem in the main parts. Also Die lustigen Weiber von Windsor and Die Zauberflöte.

Hamburg, Staatsoper: This week's highlight is Un ballo in Maschera, sung in Italian, starring Rosalind *Plowright, Franco Bonisolli and* Bernd Weikl. Lucia Alliberti is a splendid Violetta in La Traviata. *Manon Lescaut is respectable with* Rosalind Plowright and Franco Bonisolli. La Bohème rounds off the week.

Frankfurt, Opera: Fidelio brings Lia Frey-Rabine, Hermann Winkler and Gerd Feldhoff *together*. Orpheus in der Unterwelt has Christoph Pregardien in the title role. The week also *features the premiere of* Ruth Berghaus' production of Die Walküre conducted by Michael Gielen, *with Catarina Ligendza* as Brünhilde, Helena Doese as Sieglinde and Walter Raffeiner as Siegmund.

Cologne, Opera: There was much praise for Carmen when it opened. The cast *includes Kathleen Kuhl*mann and Josef Protschka. Parsifal is worth seeing Siegfried Jerusalem brilliant in title role.

Stuttgart, württembergisches Staatstheater: Philip Glass's opera Echnaton, composed specially for the Stuttgart opera, is an Achim Freyer production. Counter-tenor Paul Esswood is outstanding in a cast of high standard. Jenufa, conducted by Antal Dorati, will have its premiere this week. In the main parts are Eva Randova and Raymond Wolanski. Also in the repertoire: Viva la Mamma and Falstaff.

LONDON

Royal Opera, Covent Garden: A week of popular revivals: Neil Schicoff, *Samuel Ramey and Nelly Miricioiu* lead a strong cast for Les Contes d'Hoffmann, conducted by Charles *Dutoit; Il barbiere di Siviglia* ends its fourth revival of the season with Gino Quilico as its bright spot. Tosca *returns with Giuseppe Giacomini* and Natalia Troitskaya; Michael Schonwandt conducts. (240 1066).

English National Opera, Coliseum: The British stage premiere of Busoni's Doctor Faust dominates the rep*ertory; Thomas Allen sings the* title role, Graham Clark is Mephistopheles. The ill-starred Merry Widow and the imaginative but indifferently sung Bartered Bride fill in the gaps. (836 3161).

Royal Opera House, Covent Garden: The Royal Ballet in Romeo and Juliet (Thur).

Sadler's Wells, Rosebery Avenue (278 8916): American choreographer Rosalind Newman and her dancers begin a season on Tue.

PARIS

La Cenerentola. Donato Renzetti conducts the London Sinfonietta opera orchestra. *TMP-Châtelet* (4233 4444).

Salome, co-produced with the Zurich Opera, *conducted by Kent Nagano* with Edda Moser in the title role, alternates with Maurice Béjart's Soirée at the Paris Opéra (4266 5022).

La Fille du Regiment is conducted in a new production by Bruno Campanella/John Burdekin with Marie sung by June Anderson/Alida Ferrarini and the role of Tonio by Alfredo Kraus/Vincenzo La Scola. Opera Comique (4296 0811).

ITALY

Milan: Teatro alla Scala: Franco Zeffirelli's production of Swan Lake, with choreography by Rosella Hightower. Michel Sasson conducts and the cast includes *Carla Fracci* (alternating with Anna Razzi), Dominique Khalfouni and Jean Charles Gil. (8 91 26).

Venice: Teatro la Fenice: Mozart's La Clemenza di Tito directed by Pier Luigi Pizzi, who also designed the scenery and costumes. The cast includes Margarita Zimmermann, Curtis Rayam, Adelina Scarabelli and Susanna Anselmi (71 01 61).

Naples: Teatro San Carlo: Don Quichotte by Jules Massenet (sung in French), with Ruggiero Raimondi, Martha Senn, Michel Trempont and Aldo Bramante, conducted by Yan Pascal Tortelier. (41 82 66)

Trieste: Teatro Comunale Giuseppe Verdi: Two one-act ballets, conducted by Luciano Rosada. (63 19 48).

Turin: Teatro Regio: Turandot, conducted by Zoltan Peskoand, directed by Grischa Asagaroff, with scenery by Josef Svoboda. In the cast are Eva Marton, Yoko Watanabe Grimaldi, Nicola Martinucci and Alfredo Zanazzo. (548 000).

***Florence**: Teatro Comunale: The 49th* Maggio Musicale Fiorentino opens with Luciano Berio's third Azione *Musicale conducted by the compos*er, in Luis Pasqual's production (given at the Paris Opera last year). (277 9236).

NETHERLANDS

The Nederlands Dans Theater with Jerome Robbins' Afternoon of a faun (Debussy), and Jiri Kylian's L'Enfant et les sortilèges (Ravel) and Overgrown path (Janacek). Mon to Wed in Amsterdam, Stadsschouwburg (24 23 11). Thur *in* Nijmegen, Schouwburg (22 11 00).

Maastricht, Schouwburg. The Moscow Ballet with *The Bluebird in the Saz* choreography (Thur). (21 33 00).

Amsterdam, Meervaart. The Clwyd *Youth Dance Group from* Wales (Tue). (10 73 93).

VIENNA

Staatsoper: Maria Stuarda conducted by Fischer with Baltsa, Gruberova; Manon conducted by Fischer; Simon Boccanegra conducted by Graf with Cotrubas; Die Entführung aus dem Serail. (53 24/26 55).

Volksoper: My Fair Lady, conducted by Bauer-Theussl; Schwanda der Dudelsackpfeifer; Der Zarewitsch; Der Bettelstudent (53 24/26 57).

NEW YORK

New York City Ballet (New York State): Still largely reliant on the repertory developed by George Balanchine, the company's month-long programme includes Mozartiana, Stars and Stripes and Donizetti Variations. Ends June 22. Lincoln Center (870 5570).

Metropolitan Opera (Opera House): *The final week of the season fea*tures Sir Peter Hall's production of Carmen, conducted by James Le*vine; L'Italiana in Algeri, conducted* by James Levine; Don Carlo and Cavalleria Rusticana /I Pagliacci. Lincoln Center (362 6000).

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Financing the UN

THE United Nations organisation is drifting into financial crisis because of its own spendthrift ways and because of the high handed action of members who are delaying or withholding their contributions.

At the beginning of this year the organisation was owed $240m in assessed contributions which had not been paid up. In some instances members have merely held back in order to have the use of the money for their own needs a little longer. But there are others where the withholding was intended to make a political point.

Thus the Soviet Union and its friends have refused to pay their share towards certain programmes that they dislike. Likewise the US has refused to pay a proportion of its money to demonstrate its objection to UN financial support of organisations such as the Palestine Liberation Organisation.

Better paid

Understandable though such protests may be, they are in direct conflict with the UN Charter which all members have undertaken to adhere to. The charter says that the expenditure of the organisation shall be borne by the members "as apportioned by the General Assembly."

But much of the blame for the difficulties now being debated by the resumed session of the General Assembly must be placed at the door of the organisation itself. Mr Richard Foran, an assistant secretary-general of the UN, has said openly that "at this stage a good house cleaning is healthy."

Critics of UN housekeeping have argued that, for instance, UN employees in New York are very much better paid than US civil servants. A US pressure group trying to identify possible economies has pointed to $81,400 set aside for the Secretary-General's stationery and $537,200 for photocopying paper. These are amounts that require, at least, a detailed justification.

Annual expenditure of about $800m is not a heavy price to pay for the contributions that the UN has made to maintaining world peace. But there is a strong case for urging it to cut out some of its less essential work: Mr Tom Vraalsen, Norwegian head of a committee appointed by the General Assembly to review UN administration and finances, has said that the UN produces too much printed paper and holds too many conferences.

Mr Javier Perez de Cuellar, the Secretary-General, has complained that the General Assembly, where every member has one vote, has a taste for establishing expensive programmes which he then has to implement.

Difficulties have been brought to a head by political and financial pressures in the US, which funds a quarter of the UN budget. Contributions are assessed on a formula taking into account the size of each member's gross national product, population and some other indicators. But at US request it has long been agreed that no member need pay more than 25 per cent of the total. No member besides the US comes close to that ceiling.

Washington is trying to lower the ceiling to 20 per cent, as the Congress looks for economies to reduce the US budget deficit. It is a popular cry in a country where the UN, and in particular the General Assembly, enjoys little admiration and where every UN official from the Soviet bloc is seen as a potential or actual spy.

Leaner budget

Yet it is notable that the Soviet Union last year joined the US in voting against the UN budget for its own reasons, no doubt, but also because it felt that UN financing needed an overhauling.

A case can be made out in fairness to the US for a further reduction of the national ceiling on contributions. But the UN itself should be put under pressure to put its house in order. The big contributors, at their head the US and Japan, as well as the Soviet Union, should exert such pressure by insisting on a smaller and leaner budget.

The proper way to achieve this is by negotiation. High-handed unilateral cuts, as are now being threatened in Congress, cut across the principles of the charter, as does the arbitrary withholding of contributions.

Civilian rule in Sudan

THERE is more than the well-being of the people of Sudan at stake as the country's political leaders set about the difficult task of forming a coalition civilian administration to take over from its military rulers.

Africa's largest state plays a strategic role in the Horn of Africa, with a key port on the Red Sea and a border with Soviet-backed Ethiopia. Sudan is of vital concern to Egypt because of the control that a hostile government could exercise on the waters of the Nile, which flows through the length of Sudan. It is also a tempting target for Libya, seeking to encourage the Islamic fundamentalists in a country in which two-thirds of the 21m population is Moslem.

For all these reasons the first multi-party elections for 18 years were watched with special interest not only by Sudan's eight neighbours but by the US and the Soviet Union. That the elections were held at all is greatly to the credit of Sudan's military leader, Gen Abdul Rahman Swareddahab, for he is about to fulfil his promise to return the country to civilian rule, made a year ago when Mr Jaafar Nimeiri was deposed as president after a popular uprising.

Rebel influence

Sudan, administered since the coup last April by the transitional military council and a civilian cabinet, is no closer to resolving its acute problems. The crisis is made up of a ramshackle economy, unable to service its $8bn external debt, a famine (due as much to logistical problems as bad weather) affecting 3m to 4m people, and a guerrilla war in the south.

Indeed, the situation has deteriorated in many respects. The interim government did little more than mark time, lacking the authority to carry through economic reforms or to pursue effective peace talks with the rebel Sudan People's Liberation Army led by Col John Garang.

Had the elections produced a clear mandate for either Umma, the party led by Mr Sadiq El Mahdi, a prime minister in the 1960s, or the Democratic Unionists Party of Mr Sharif El Hindi, outsiders would be more confident of the new government's ability to tackle this demanding legacy. But Umma holds just under a third of the seats in the 301-member national assembly. The DUP won 63, leaving the National Islamic Front in the role of potential kingmaker with 51 seats. It was the front, which, with its insistence on the application of strict Islamic law, did much to alienate the Christian south and fuel rebel grievances at the time of Nimeiri.

The likely outcome to the horse trading now under way is a coalition led by Umma. This will not necessarily give Mr El Mahdi a secure base from which to tackle the issue of Islamic law, so important in efforts to end the war. Should he seek to modify its application—one of the main demands made by the SPLA—his coalition could be undermined by religious extremists both in the Islamic Front and in the ranks of the DUP. Whichever party Mr El Mahdi chooses as his coalition partner, it will not be plain sailing as he tries to reconcile Moslem north and Christian south.

In addition to this delicate balancing act, Mr El Mahdi will have to handle the new government's relations with Libya and Ethiopia in a way which does not scare off western aid donors.

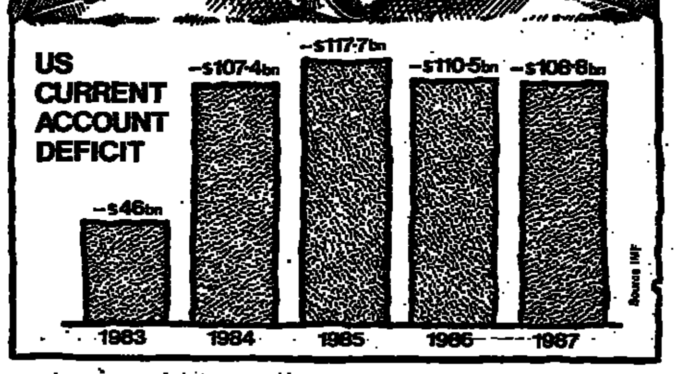
Both countries play an important role in the war. In the case of Libya, the rapprochement initiated since the coup has led to the supply of aircraft by Col Gadaffi for use against the rebels, a development which while strengthening Khartoum's military effort has deeply alarmed the US. Sudan has also sought—although with little success—closer ties with Ethiopia, another of President Reagan's bêtes noires, in an effort to end the support the SPLA has received from Addis Ababa.

Yet Sudan's own history shows that the conflict in the south will never be resolved by force. The fact that Mr El Mahdi has already made overtures to the rebels is an encouraging development. The rebels have turned down a place in the proposed government of national unity but their counter-proposal of a constitutional conference should be pursued. Only when the civil war ends, on the basis of religious tolerance and equitable treatment of the south, can work begin on Sudan's economic rehabilitation.

GLOBAL ECONOMIC CO-OPERATION

A tune but not yet harmony

By Philip Stephens, Economics Correspondent



A WORLD economy with faster output growth, lower inflation and borrowing costs, and strengthened policy-co-ordination is the promise now being held out by governments of western industrial nations.

Only the still-bleak prospects for the unemployed, particularly in Europe, have marred the upbeat assessment endorsed by economic policy makers at a series of international gatherings this month. And even on the jobs issue, many governments express private, if rather cynical, confidence that they can defuse the political impact until demographic trends come to their rescue in the early 1990s.

So as next Sunday's world economic summit in Tokyo approaches, officials are fairly confidently packaging this "favourable outlook" to secure the maximum political benefit for the seven participants.

The discordant notes which have occasionally sounded among finance ministers in recent weeks will be carefully toned down. The first rule of summits (usually if not invariably respected) is that while the heads of government can be frank in private, the public perception should be of optimistic harmony.

In fact, there are several economic issues which could strain the two days of talks between the US, Japan, West Germany, France, Britain, Italy and Canada.

Washington's insistence that other governments do more to step up the pace of economic growth, Japan's huge current account surplus and sluggish economy, and disputes over farm trade and export credits are all potential irritants.

The turbulence on financial markets over the past few days, centering on a further appreciation of the yen, will also serve as a reminder that the so-far orderly decline in the dollar's value cannot be taken for granted.

Against that, the seven governments have plenty to provide the optimistic gloss that the protocol of such annual gatherings dictates. President Reagan's recent "Winds of Freedom" speech has probably set the tone for the final communique.

The collapse of the oil price, cutting the combined import bill of industrial countries by perhaps $80bn this year, has, along with the dramatic change in the pattern of exchange rates, transformed the outlook for western economies.

The latest forecasts by the International Monetary Fund and the *Organisation for Economic Co-operation and Development* suggest that the economic recovery will be sustained through 1986 and 1987 with growth in the industrialised world averaging more than 3 per cent in each year; and that despite a massive fall in demand among oil producing nations.

In parallel, the average inflation rate is likely to drop below 3 per cent; in West Germany and Japan there may be price stability or even fractional falls in prices.

The implications for interest rates are already clear on the world's stock and bond markets. In nominal terms short-term rates have fallen to their lowest for more than a decade. Less remarked on but more significantly there has been a much steeper reduction in long-term borrowing costs; the return on long-term US bonds has fallen by four percentage points in the last year.

The major imbalances in the world economy which last year were seen as a potent threat to sustained recovery—the US budget and current account deficits and Japan's huge trade surplus—have not disappeared.

But the sharp depreciation of the dollar since last year and the Gramm-Rudman-Hollings deficit reduction law both make orderly progress at least plausible.

The general mood of confidence, sometimes almost complacency, has been reinforced by the enhanced co-operation between governments since last September's Plaza accord among the Group of Five (the summit group minus Italy and Canada) to act against the dollar.

Since then, co-ordination has been extended to the timing of interest rate cuts and to a general commitment to widen the focus of concerted action. That might include agreement on wider objectives for, say, output, current balances and inflation.

The debt problem has in the view of most western governments become just that—a problem rather than a crisis. Though individual countries, particularly oil producers like Mexico and Venezuela, still face serious difficulties, the perception is that they can be "nursed" along without serious disruption.

The case-by-case approach developed by Mr James Baker, the US Treasury Secretary, has won universal acceptance among the seven and a grudging, if none-too-public, acknowledgement from most of the principal debtors.

So what is there to cloud what US officials call this "potentially brilliant" picture?

For a start, policy co-ordination within the Group of Five is not as smooth as it appears on the surface. Last week's joint interest rate cut by the US and Japan might be taken as evidence that co-operation has never been closer. Mr Noburu Takeshita, Japan's Finance Minister, stated bluntly that Japan had cut its discount rate because he had pledged to do so in a meeting two weeks earlier with Mr Baker.

Ironically, an episode just after that same meeting gave a rare glimpse of the tensions which the very success of the Plaza accord has generated within the Group of Five.

Then, Mr Baker was privately expressing fury at remarks made by Mr Takeshita which suggested a joint agreement to stabilise the dollar/yen rate. The US Treasury Secretary encouraged Mr Nigel Lawson, Britain's Chancellor, to make a public statement aimed at triggering a rise in the yen's value, a move which in turn caused intense annoyance in Tokyo.

West Germany's aloof stance during the latest round of interest rate cuts has made clear its unwillingness to give any guarantee that it will put international ahead of domestic priorities.

Mr Karl Otto Poehl, the president of the Bundesbank and a jealous guardian of its independent role in the conduct of monetary policy, barely disguises his distaste at the idea of finance ministers setting interest rates.

The commitment endorsed at the IMF meeting to strive for enhanced international co-operation is also not without *its difficulties.*

At the meeting, finance ministers of the main industrial nations agreed to consider setting a series of "objective indicators" for western economies.

The idea, enthusiastically endorsed by Mr Lawson, would be to strengthen co-ordination of policies by agreeing a medium-term framework for the world economy compatible with sustained growth and low inflation.

Finance ministers might, for example, agree on indicators for fiscal and current account positions, growth and inflation as well as exchange and interest rates.

Deliberately fudged was the extent to which governments might surrender national sovereignty over economic policy in the interests of international co-operation.

Mr Baker, who now appears to be adopting a position closer to that of France than West Germany on several aspects of international monetary reform, wants what he terms some degree of "automaticity" in a strengthened international system.

That, he explains, could mean anything from simple "peer group pressure" resulting from the publication of objective indicators to perhaps mandatory concerted intervention to tackle serious imbalances.

West Germany, and to a slightly lesser degree Japan, would prefer, however, not to be anywhere on that spectrum. Bonn officials left the IMF meetings boasting that they had diluted the commitment to objective indicators and ridiculing the idea of any system of automatic triggers.

Mr Takeshita gave a similar view. "Mandatory policy goals or triggers are unrealistic," he commented.

The differences run deeper. Mr Baker's objective is to secure agreement that the obligations imposed by co-operation should apply even-handedly both to those nations with large current account deficits and to those with comparable surpluses.

Thus promised US action to tackle the fundamental problem of its budget deficit should be mirrored by a comparable effort by Japan and West Germany to reduce their trade surpluses.

That debate was neatly reflected in the drafting of the communique released after the recent annual meeting of ministers at the OECD in Paris. The most instructive element in the two days of talks was not the final communique but a comparison with earlier drafts.

Mr Baker sought an explicit call for Europe and Japan to step up their economic growth rates and for countries with negligible inflation to take the lead in cutting interest rates.

After two days of argument, the US was forced to accept a far more general exhortation for all governments to do more to *promote growth.*

The US Treasury Secretary has made it clear, however, that his first policy priority remains faster economic expansion worldwide to close the "growth gap" between the US and other industrial nations.

His central point is that the recent fall in the value of the dollar will not be enough to secure a smooth reversal of the present current account imbalances as long as growth in Japan and Europe is relatively sluggish.

The alternative to a more rapid expansion outside the US is seen as another sharp decline in the dollar's value. And, as the events of the past few days have shown, that carries the risk of a resurgence of US inflationary expectations and a reversal of the downward trend in interest rates.

According to Washington, the dollar's depreciation so far will still leave the US with trade and current account deficits of around $100bn in 1987 and the prospect that both would then begin to rise again. (The OECD is even less optimistic predicting a current account shortfall of $120bn in 1987.)

That, in turn, threatens a resurgence of protectionism in the US Congress, which was dampened but not extinguished by the Plaza accord. "I must tell you frankly that protectionism in the US is not dead," Mr Baker said at the OECD.

The reaction from his counterparts is not encouraging. Mr Takeshita, who has seen his political popularity waning as the yen's *appreciation* has hit exporters, has pledged full co-operation on interest rates. And the recent publication of the Maekawa report on restructuring Japan's economy is clearly designed to defuse some of the expected criticism at the summit of Japan's surplus.

Japan has resolutely refused, however, to do what the US European governments and the IMF have been urging — to stimulate domestic demand by relaxing fiscal policy.

In Europe, West Germany insists that its economy is growing at the limits of its capacity, while Mr Lawson claims that Britain's record on output over the past few years is one of the best. Some officials privately argue that Mr Baker's statements are rhetoric designed for domestic consumption.

Others are finding Washington's new co-operative spirit almost as difficult as the economic isolationism which characterised the early Reagan years. They are irritated that a government with such a huge budget deficit should presume to compile long lists of policy prescriptions for the rest of the world and offer constant reminders of the high level of unemployment in Europe.

"Sometimes I think I preferred Donald Regan (Mr Baker's predecessor), who did not give a damn what was going on in the rest of the world," one senior European official *confided recently.*

Of course, all this will be glossed over in Tokyo, where statements on international terrorism are anyway likely to grab the headlines. But with the spirit of protection still bubbling under the surface in Washington, the EEC/US dispute over farm trade unresolved and the foreign exchanges still volatile, the summit communiqué may not tell anything like the whole story.

Men and Matters

Hong Kong bids its all

A great number of people in Hong Kong, from business executives and bank clerks to Chinese amahs and night club hostesses, are plundering their savings, stretching their overdrafts, and raising loans in a bid to buy Cathay Pacific shares in the public flotation that closes today. As a result the colony's banking system faces an extraordinary strain.

An estimated HK$40bn is likely to be thrown at the HK$1.54bn offering. That represents about twice the notes and coin in circulation in Hong Kong, and is roughly equivalent to the colony's money supply.

Bankers talked yesterday of pressures the like of which they have not seen for years. Interest rates on overnight and one-week and two-week money have soared to around 7 per cent on the local interbank market.

The Hong Kong dollar, linked to the US dollar at a level of HK$7.80 to one, has come under strong upward pressure as funds have poured into Hong Kong from overseas. While some of this is accounted for by interest from foreign investors, a large proportion is thought to be the foreign currency savings of Hong Kong investors.

The Hong Kong and Shanghai Banking Corporation, into which subscriptions for the Cathay share offer must be deposited, sparked controversy when it said it would charge a handling fee of HK$200 for every HK$1m lent on the interbang market for the duration of the Cathay offer.

The bank said it needed to be compensated for the additional costs and risks involved in handling the extraordinary volume of interbank business.

In the already confused interbank market other bankers saw matters differently. They were sufficiently inflamed to accuse the Hong Kong bank of abusing its privilege as the territory's clearing bank, claiming that its greater-than-usual grip on the territory's bank deposits would enable it to squeeze market rates as it liked.

To avoid what could have developed into an ugly and politically sensitive debate over its role as Hong Kong's *de facto* central bank, plans for the handling fee have since been dropped.

Meanwhile, the very considerable interest earned by the Hong Kong bank on subscriptions for the Cathay offer—which must be paid by today and will not be returned until allotment is completed on May 8—will be used to defray the HK$14.8m *costs of mounting* the offer, Cathay Pacific says.

The Hong Kong bank currently owns 30 per cent of Cathay, with Swire Pacific controlling the other 70 per cent. That will be diluted to 23.25 per cent after the flotation, earning a windfall HK$670m for the bank.

From all angles the Hong Kong bank seems certain to be a major beneficiary of the flotation exercise.

"What do you mean—the Fire Brigade hasn't paid its British Telecom repair bill?"

Bigger bite

European hoteliers and airlines are smarting from Americans' fears of terrorism.

But every cloud has a silver lining. Senior executives of Sysco, the US food distribution company, flew bravely across the pond yesterday to give London brokers a rosy picture of business prospects back home in the US.

Nearly half of Sysco's $3bn in annual sales goes to the "away-from-home" market. That is restaurants, clubs, and other forms of eating away from the domestic hearth. James Lowrey, the financial director, foresees "a delightful summer in America for away-from-home eating."

Lowrey is not himself awed by the risks taken by Americans travelling abroad. "When you grow up in Lubbock, Texas, you don't worry about terrorists," he says bravely.

New metal

Eugene Anderson, the American chief executive of Johnson Matthey, is celebrating the first anniversary of his arrival at the precious metals group with a wholesale shake-up of its operating structure.

It is the fourth stage in the revitalisation of the group in the wake of the disaster which engulfed its former banking subsidiary, Johnson Matthey Bankers, in October 1984.

Anderson, who joined the company a year ago, first set about reducing its debt burden. Then he followed up with a refinancing programme, and a study of all the company's businesses to determine the core activities on which it should concentrate. Now comes a move to streamline the group's corporate structure into four new divisions. They are to be materials technology; catalytic systems; precious metals; and colours and printing.

The aim, he says, is to allow greater strategic control from the group hq, and increased accountability, while increasing world market shares.

Final deadline?

Time may be running out for London's Press Club. Yesterday, following an unhappy hearing in the bankruptcy court, the bailiffs were carrying off the furniture.

The club, in Shoe Lane, just around the corner from Fleet Street, might be expected to be full to capacity each evening, especially with Britain's licensing laws being what they are. It has the longest uninterrupted drinking hours in the country—from 11.30 am through to three o'clock the following morning.

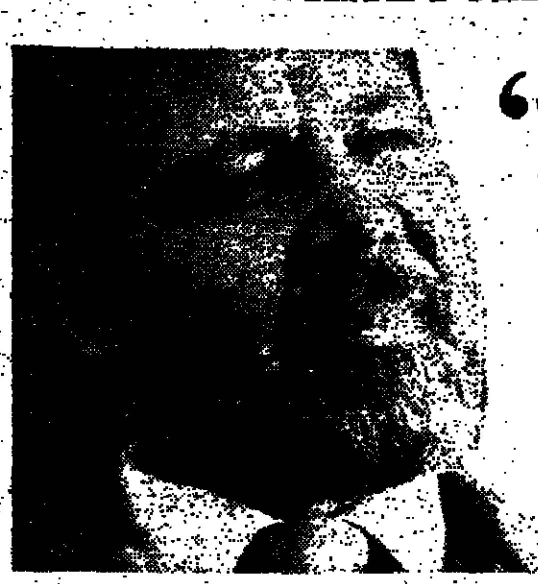
In fact, the sad truth is that it has no more than 500 "regulars," and a majority of its 2,000 members these days are in public relations.

Press Barons and patrons alike are being asked to dip into their wallets to stave off disaster. Last night, an emergency meeting of the committee and its legal advisers was discussing plans to put the club into liquidation. Nearly £200,000 has to be found quickly.

The club—founded in 1885—is now situated in plush premises owned by the International Press Centre. Formerly it occupied more modest quarters in Salisbury Court.

Observer

WHITE POLITICS IN SOUTH AFRICA



'We, the Boers, will fight to the bitter end—as we did against the British—to defend our land'

Mr Eugene Terre Blanche leader of AWB

Political groupings

● **National Party.** In power since 1948. Now rejects apartheid and advocates power sharing. 127 seats
● **Progressive Federal Party (PFP).** Official opposition with main support from English "liberals" and big business. 27 seats
● **Conservative Party (CP).** Right wing Afrikaner party, loyal to apartheid. 18 seats
● **New Republic Party.** Dying rump of old Union Party of General Smuts.
● **Herstigte Nasionale Party (HNP).** Policies like CP but personal rivalries keep them apart. One seat
● **Afrikaner Weerstandsbeweging (AWB).** Para-military, extra-parliamentary group of die-hard Afrikaner nationalists.

Afrikanerdom fights back

By Anthony Robinson in Johannesburg

CHIEF Gatsha Buthelezi, leader of the Zulus, South Africa's largest black tribe, once warned the Government that those who think right-wing whites pose a greater threat to stability than does apartheid are grossly deceiving themselves.

In recent months, however, there has been a surge in support for white right-wing groups, both in and outside Parliament. This is deeply worrying the National Party (NP) Government headed by President P. W. Botha.

The party's concern was expressed most clearly in a front page editorial of the latest edition of the NP magazine "The Nationalist." It said a spate of random shootings of innocent blacks by whites and the growth of white vigilante groups were playing into the hands of "revolutionaries." It also specifically attacked the extreme right-wing Afrikaner Weerstandsbeweging (Afrikaner Resistance Movement), a para-military group of right-wing Afrikaners, which considers Mr Botha and other nationalist leaders "traitors to the Afrikaner volk" and wants to re-establish the Orange Free State and the Transvaal as independent Boer republics.

Last week a Government minister, Mr Louis Nel, was shouted down by a group of AWB rowdies at an NP political meeting in the largely Afrikaner mining town of Brits near Johannesburg and the President himself was heckled strongly at nearby Vereeniging.

It must have been an ironic sensation for Mr. Botha who early in his own political career gained a reputation for breaking up political meetings of the Union Party in the run up to the 1948 elections which brought the NP to power.

The National Party has a large majority in the House of Assembly, and is not obliged to hold general elections until 1989. But five by-elections in late October registered a 20 per cent swing to right-wing parties, giving the Herstigte Nasionale Party (HNP) in the person of Mr Louis Stofberg, its first seat in parliament, and resulting in the first NP loss in the Orange Free State since 1953.

The upsurge in support for the right is not confined to Afrikaners. The right-wing parties are gaining support from working-class English immigrants as well as from the ranks of the 600,000-strong Portuguese-speaking communities, many from the former Portuguese colonies of Angola and Mozambique, as well as from former Rhodesians and others who moved south. Mr Koos Van Der Merwe, the CP member for a predominantly working-class Johannesburg suburb is a typical Afrikaner politican who has made the effort to learn Portuguese to win support among this section of the community.

The CP, under its leader Dr Andries Treurnicht, broke away from the National Party in February 1982 in protest against what it saw as Mr P. W. Botha's abandonment of traditional apartheid. It boasts some formidable orators like Dr Ferdinand Hartzenberg and men with bitter personal grudges like Dr Connie Mulder.

It was Dr Mulder Mr Botha defeated in the 1978 leadership struggle by exploiting his involvement in the scandal over the use of public money clandestinely to set up newspapers and an international disinformation network.)

The split in Africanerdom reflected in the CP breakaway was the first casualty of Mr Botha's original "reform" strategy, aimed at bringing Indians and Coloureds into the political system via a new constitution.

The CP argued at the time that the new constitution was the thin end of the wedge. Once the principle of white rule had been broken, they said, forces would be unleashed which would lead inevitably to the inclusion of blacks and the swamping of the whites.

What makes Mr Botha's position so difficult is that, on the wedge at least, they were right. Any illusion that the reform process would be stoppable at the entry of coloureds and Indians into Parliament has been destroyed by the continuing wave of violent protest sparked off by the exclusion of blacks from the new constitution.

Although Mr Botha stubbornly maintains that the 66 per cent "yes" vote from the white electorate at the November 1983 referendum still represents a mandate for reform, senior Government ministers now concede that the new constitution is fatally flawed and that some way must be found to give blacks effective political representation.

On top of all this, South Africa has been suffering its steepest recession since the war. White and Coloured unemployment has risen by 150 per cent, quite apart from the more publicised, and even more severe, hardship for blacks. At the lower end of the social scale "poor whites"—including increasing numbers of white beggars in Johannesburg and other cities—have reappeared and the incomes of the white middle and working class have been severely squeezed. Urban whites have seen their disposable incomes dwindle under the combined pressures of inflation, rising taxation and record mortgage and other interest rates.

White, mainly Afrikaner, farmers, meanwhile, have been hurt by four years of drought—only partially broken this year—which has raised farm debt to over 11 bn rand and led both to farming bankruptcies and a socially unsettling emigration from the land.

A spate of ANC-planted land mines in the border farming districts of Northern Transvaal, in which 10 Afrikaners, including two children, died has made matters worse. So, too, has another crisis on the West Rand where inhabitants of the newly-built white housing estate of Dan Pienaarville near Krugersdorp demanded the forced removal of the nearby longstanding black township of Munsieville.

After a spate of robberies and complaints about loud music and other vexations, white vigilantes, including its alleged off-duty policemen, staged punitive raids on the township. On several occasions whites in cars shot and wounded innocent black pedestrians.

Mindful of the likely international outcry if long-established Munsieville were to be forcibly removed, Mr Botha announced instead that a high steel security fence and highway would be built to separate it from the white estate—a solution strongly reminiscent of the Berlin Wall.

These are harsh measures taken in a harsh land. But for Mr Botha, and senior ministers like Mr F. W. de Klerk, party boss in the Transvaal, the right must be assuaged if the reform process is to retain momentum.

Failure to heed the rumblings from disaffected Afrikanerdom can only play into the hands of both the CP and the even more menacing AWB, led by a stocky, bearded 43-year-old ex-policeman and rugby player Mr Eugene Terre Blanche.

In an interview at his Pretoria headquarters earlier this month Mr Terre Blanche spelled out the AWB's ambition. It is to restore the old independent Boer republics to the Afrikaners whose independence was taken away from them, first by the "Uitlanders" who flooded in to exploit gold and diamonds, and then by the British Imperial Army, which defeated them in the Boer War.

In recent months, Mr Terre Blanche has been hammering home the message in school halls and stadiums decked with a red, white and black three-legged symbol reminiscent of the swastika and marshalled by blond youths in brown para-military uniforms.

The AWB is a political and para-military movement — not a political party. About 80 per cent of its members vote for the CP and the rest for the HNP, he claims.

Mr Terre Blanche declines to estimate the number of his supporters, only that he has addressed more than 20,000 people in the last three months. As for the AWB's support in the police and the armed forces — a matter of deep concern to the Government—he merely points out that over 80 per cent of the police are "Boerseuns"—sons of Boer farming families, and so are most of the army.

"They have taken an oath of honour to defend their country and their nation. I can understand that they are interested in the AWB. We are proud and thankful for them. They are the best in the world and I defend them from platform to platform."

A powerful, throaty orator on stage, Mr Terre Blanche explains his vision of a future South African constellation in a quiet, gravelly voice with few gestures, and penetrating looks from blue eyes under heavy brows.

"I am not a racist, I don't want to take from the black man because I am white," he says.

"I want only the country of my people, the Afrikaners. I don't want Buthelezi's land, or the Transkei. As for the whites of the Cape and South Natal they can decide their own future. That was never really Boer country."

What Mr Terre Blanche is campaigning for is not only restoration of the Orange Free State and the Transvaal but also a corridor to the Indian Ocean through to Richards Bay. When asked what he intended doing with the millions of non-Afrikaners in Johannesburg, or the nearly 2m blacks in Soweto alone, he acknowledges the difficulties. Both would become a sort of city state within the Transvaal.

He is vehemently opposed to the Government's concept of power-sharing. "I don't believe in it and neither do the ANC. They want the whole of South Africa—through majority rule and revolution. I believe the only way to peace is for every nation to be itself without interference. You cannot ask a minority to be part of a majority in a power sharing system; it leads to bitterness and hatred. We, the Boers, will fight to the bitter end—as we did against the British imperialists—to defend our land."

But can Afrikaner sovereignty be restored peacefully? "No. We stand at the beginning of the greatest violence ever seen. The ANC is ready for war and revolution. It all boils down to a clash between two forces—the AWB and the ANC. They want it all. We only want to keep our part."

At this stage it is still possible to see Mr Terre Blanche as a dangerous romantic, appealing to a small minority of confused, embittered and basically simple people caught up in a world changing too fast for comfort. Keeping it that way when the rise of the AWB is mirrored by similar radicalism on the revolutionary left is not an easy task for a government which, for all its shortcomings, occupies much of what is left of a shrinking middle ground.

Lombard

The management of science

By David Fishlock

THIS WEEK a new chief scientific adviser to the Government arrives in Whitehall. Like his predecessor, Sir Robin Nicholson, Mr John Fairclough has been seconded from industry—IBM—where he gained considerable experience in management practice, in contrast to most of the distinguished academics traditionally recruited for this post.

Mr Fairclough's appointment is not the only event which makes the latest conference of the Ditchley Foundation very timely. Its subject was the management and funding of science—a controversial issue which reaches far beyond Britain's shores, as the international assembly made plain, and one in which scientists in other countries often believe themselves much worse off than in Britain.

The Ditchley conference has also taken place at a time when fresh studies seem to be confirming a chronic weakness in research management in Britain. One concludes, for example, that there is no mechanism for identifying areas which have a special value to the long-term economic health and aspirations of the nation. Another finds that even in absolute terms the health of its science base leaves much to be desired.

Many scientists have a simple answer: more money across the board. But the more perceptive few have begun to acknowledge that, at the levels of spending already established, society does have a right to question its indulgence as principal patron, and to ask questions about returns and efficiency.

Unhappily for science such answers as are coming to hand are not satisfactory. Science has been loath to analyse its own problems; to fund the "science of science." Its many problems might be summed up as a worrying loss of credibility with society. Must its growth in expenditure always outstrip inflation? Why does it find it so hard to stop research which is yielding diminishing returns? Are scientists simply confusing society by provocatively raising hopes or fears—interferon, damage to the atmospheric ozone layer, acid rain—which are unwarranted by their own evidence? Has such controversy merely been self-serving?

Science has undoubtedly been the great engine of change in our society for the past century. How ironic, then, that science itself should be so reluctant to change, to adapt itself to the very changes it has inspired or helped to bring about.

In Britain, science lacks even an adequate data base of its own activities and practitioners. Recent difficulties in putting a figure to the number of post-doctoral research workers in Britain is evidence of this failing. Without such data how can it hope to convince its patrons that it knows whether science is healthy or failing, prudent or profligate?

What emerges from the Ditchley debates is a portrait of a community which was once self-confident and self-regarding to the point of arrogance, but must henceforth be far more realistic. It must make its case for patronage unambiguously, in terms everyone understands. It must come to terms with the fact that people now expect science to benefit them, to enhance the "quality of life."

In short, science has a management problem. The peer review system believed by most—though not all—of its practitioners to be satisfactory for managing the detail of science seems to be unsatisfactory for managing the broad strategy.

As Sir Douglas Hague, chairman of the Economic and Social Research Council, has pointed out recently, management practice differs profoundly from management as practised elsewhere in society. As a result it is failing to communicate its own potential. Society is not hostile to science. It simply fails to understand what is eating the scientists.

The answer, surely, must lie in professional management at the top of science. Just as the Cabinet Office, in choosing its new chief scientific adviser, has recruited a manager versed in the value of science and engineering, so the research councils which manage Britain's £660m science budget must recruit chief executives. Their primary job would be to align the resources and skills of science with management practices applied elsewhere.

The target would be a rebirth of the high degree of confidence science enjoyed for a couple of decades after the Second World War.

Letters to the Editor

Personal equity plans

From Mr M. Harvey

Sir,—After all the excitement caused by the Chancellor in his Budget speech, it is somewhat disappointing to find that Clause 37 of the Finance Bill taken together with Schedule 8 thereto enables the Board of Inland Revenue to make regulations about personal equity plans. What I find extraordinary in the wording is the mixture of indicatives and subjunctives; for example, in paragraph 1 of Schedule 8 the Treasury may make regulations, whereas in sub-paragraph 2 the regulations shall set out the conditions. In sub-paragraph 3, again the regulations may "inter alia" specify how relief from taxes is to be claimed by and granted to investors.

With its usual approach to life the Revenue appears to be taking powers to stop precisely what the Chancellor intended. Unfortunately, this is all too common an occurrence and was a feature of the first attempt to liberate the economy with the original business expansion scheme legislation. Here we see that in paragraph 2 of Schedule 8 the regulations may include provision that an investor in shares shall cease to be entitled to relief from tax and the plan manager concerned shall be responsible for paying over to the Revenue any tax erroneously credited to the PEP holder. Further regulations may provide that investors under plans cease to be entitled to the contemplated tax-free roll-up and the regulations may also include provisions, no doubt complex, for the general administration of PEPs.

If this idea is ever to get off the ground it is essential that the administration is as simple as possible and I do not believe any plan manager is going to get terribly excited about the concept until these regulations are in fact issued, debated and clarified. The main item which comes to mind is that if an individual is to obtain a tax-free roll-up for his investment then it would appear that somehow a central Revenue office should be set up to deal with the tax repayments. The concept of such matters being dealt with in the district dealing with the individual's normal tax affairs makes me shudder and one can perceive a string of partially completed PEPs left to be administered long after the individual has decided to cash in his gains.

This letter, Sir, is a plea for a simple and efficient system to be introduced to enable these products to be sold and for the managers to manage without drowning in a sea of irrelevant form-filling.

M. S. Harvey,
Highfields House,
Highfields, Ashtead, Surrey.

Reforming taxation

From Mr G. Chichester

Sir,—In your Leader of April 25 you cast doubt on the merit of transferable allowances in the proposals for the reform of personal taxation. What is it that you have against marriage? Not only would this change remove the current inequitable treatment of women but it would end the bias against, and penalty on, those families where the mother (or father, for that matter) sacrifices earning capacity to devote full care and attention to raising a family. It is the family which is the bedrock of society and provides the best environment for bringing up the next generation.

Better you should ask whether this reform would reduce the number of single parent families by removing the disincentive to marriage inherent in the present system, than to be concerned about the possible number of married women deterred from entering the employment market. Better still, to ask how best support for the genuine single parent family (I exclude those who are so by choice) should be provided.

Giles Chichester.
9 St James's Place SW1

World Bank lending

From the Vice President, External Relations, World Bank

Sir, — In view of your April 1 article on the Baker plan, please allow me to clarify the World Bank's position regarding programme lending to developing countries.

At the World Bank, programme lending is not treated as a means of providing balance of payments support for debtors. Rather it is the end product of a thoroughly evaluated plan, tailored to the particular needs of the country's economy or a particular sector, for reforming government policies and programmes in order to stimulate growth.

While the World Bank remains primarily a projects lender, its programme lending is designed to achieve policy changes that increase productivity and decrease barriers to international trade. Through such measures as reforming uneconomic trade policies and subsidy systems and fostering market-based incentives for agricultural producers, the bank's programme lending improves the economy as a whole. Indeed, our programme loans help make our projects loans — past, present and future — more effective.

Not all economically sensible lending for development is susceptible to rate of return evaluation. Programme lending, as practiced at the World Bank, serves as a catalyst for the improvement of developing nations' export earnings and their participation in international trade.

Jose Botafogo,
1818 High Street NW,
Washington DC 20433,
USA.

Industrial copyright

From Mr D. Gee

Sir,—On April 22 you report a statement by the chairman of the Industrial Copyright Reform Association that the Government proposals in White Paper Cmnd. 9712 will threaten jobs in the spare parts industry and consumers' ability to buy a range of cheap replacement parts.

It is difficult to see how this can be. The White Paper was published only 46 days after the House of Lords decision (in British Leyland v Armstrong Patents), and even the most energetic spare parts manufacturer cannot have selected and recruited many suitable staff in that time; and the spare parts manufacturers, for most of the fast-moving parts with which they are principally concerned, have the ability to design alternatives which do not infringe the original equipment maker's copyright, thereby increasing the choice available to consumers.

For the remaining spare parts, such as body panels which aesthetically need to match existing exterior parts, the proposed compulsory licensing provisions would appear to provide an adequate safeguard to protect the public interest.

If any criticisms can be levelled against the Government proposals they are surely that the proposed term for the new unregistered design right is too short, and will be a positive disincentive to manufacturers wishing to market reliable long life original equipment but who need to recoup some of their R and D expenditure from spare part sales; that insufficient credit has been given to the ability of British designers to provide non-infringing alternative designs; that the problems for consumers seeking redress under the proposed EEC product liability directive if there are too many unauthorised look-alikes have been insufficiently addressed; and that no clear guidance has been given on whether components which in use have to be joined are to have their mating parts excluded from protection.

D. W. Gee.
The Farmhouse,
Marston,
Nr Sutton Coldfield,
W. Midlands.

Decline in the fleet

From Mr G. Bonwick

Sir,—In his excellent article on merchant shipping (April 25) Andrew Fisher remarks that the British Maritime League's latest publication *Why the Ships Went* "hardly broke new ground." This is true but it does suggest there has been a marked change in the League's approach, if not a complete volte face, if it does not now "blame the Government for the decline in the fleet," as Mr Fisher puts it.

Only two years ago, in his presidential report, Admiral of the Fleet Lord Hill-Norton stated that "the attitude of Governments of both parties to all things maritime has for a long time been one of ignorant apathy and the apparent belief that although the country's maritime industries are fast declining they are not worth saving . . . Some in departments are even describing them as 'sunset industries'."

In addition, the Nautical Institute's journal *Seaways* later reported that in the course of an address at Dover the BML's director, Commander M. B. F. Ranken, RN (Ret'd), "reserved the severest censure for ignorant civil servants who must shoulder much of the blame for the decline in matters maritime. The majority had not the remotest idea of maritime affairs yet readily pontificated on such matters."

Hopefully, the League will eventually acquire a better comprehension of the facts of maritime life, than it has displayed since its inauguration. Maybe it will come to share my belief that if the Government bears any blame for the industry's decline it is for helping it too much in the past rather than too little.

George J. Bonwick,
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Wokingham, Berks.

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RTZ's UK tin mines 'almost certain' to close

By Stefan Wagstyl in London

RIO TINTO-ZINC, the UK-based natural resources group, yesterday announced that its three tin mines in Cornwall, the county at the south-western tip of England, will almost certainly close in the wake of the international tin crisis.

Redundancy notices were issued to the 1,000-strong workforce. Mr Brian Calver, managing director of RTZ's wholly owned Cornish subsidiary Carnon Consolidated, said only government aid would stop the mines closing from August 1.

RTZ is next week submitting an application to the Department of Trade and Industry for grants towards a £20m ($30m) cost-reducing investment programme. But in a statement issued yesterday the company clearly recognised that its chances of success were not great.

It said Carnon had concluded that closure "seems inevitable," and the outlook was "bleak," but RTZ and Carnon would continue to pursue every avenue, including discussions with the Government.

The RTZ announcement follows the decision of Geevor Tin Mines, the only other Cornish mining company, to stop production at the beginning of this month, laying off most of its 358 workers and retaining only those needed to keep the mine and plant in running order.

Geevor has said that even that work will cease unless the Government promises aid. The company is meeting DTI officials tomorrow to discuss its application for help in a $16m investment programme. Mr Ken Gilbert, deputy chairman, said yesterday that if the DTI officials indicated that aid would probably not be forthcoming, the company would immediately close its mine for good. "Wednesday is the crucial day," he said.

Cornish companies have been plunged into difficulties by the collapse in tin prices after the £900m default of the International Tin Council, an inter-government body that ran out of money in October trying to support tin prices.

Prices have fallen from more than £8,500 a tonne to less than £3,700. That is far below costs of some £8,500 a tonne at Geevor, which was losing about £350,000 a month before stopping production. Carnon is losing about £1m a month despite cutting costs to below £7,000 a tonne.

RTZ and Geevor are applying for government aid under the 1982 Industrial Development Act, which allows for capital grants of up to 40 per cent for schemes that create or maintain employment or are "in the national interest." But schemes have to be viable.

Wedgwood faces £149m hostile takeover bid

BY LIONEL BARBER IN LONDON

London International Group, the consumer and rubber products business, yesterday launched a £149m ($231m) hostile bid for Wedgwood, the world-famous pottery and china maker whose independence has survived for more than 225 years.

Sir Arthur Bryan, Wedgwood chairman, rejected the bid as inadequate and cast doubt on London International's record as a fine-china manufacturer which began only 18 months ago with the £18m acquisition of Royal Worcester.

Mr Alan Woltz, the US chairman and chief executive of London International (formerly the London Rubber Company) described the takeover bid as "an outstanding opportunity to create one of the world's largest and competitive fine-china companies," ranking in the top three internationally.

London International is offering three new shares for every two in Wedgwood. Based on last night's closing prices for London International, down 2p to 219p, the offer values Wedgwood, up 25p to 368p, at 328p a share. The share offer would increase London International's existing share capital by 50 per cent.

Wedgwood suffered a setback yesterday when a major institutional shareholder, Mercury Warburg Investment Management, speaking for almost 25 per cent of the company, said it had sold 9.9 per cent to a London International associate. In the absence of a competing offer, Warburg said it would accept the London International bid in respect of the remaining 14.9 per cent.

Wedgwood, established in 1759 by Josiah Wedgwood, the father of the British pottery industry, makes and distributes bone china, crystal glass, earthenware and jewellery, some 60 per cent of its turnover is overseas, 37 per cent in the US. For the year ending March 1985, it made £15.1m pre-tax profits on £148.4m sales. Last September it recorded a 1.6 per cent pre-tax profits rise to £8.1m on £72.3m, though this does not include the traditionally prosperous Christmas sales period.

London International, once best-known for its contraceptives, has recently expanded into photographic processing and, with the Royal Worcester purchase in September 1984, fine china. Combining Wedgwood and Royal Worcester would give the new group up to a quarter of the UK market.

Since 1980, when Mr Woltz became chief executive, London International has boosted pre-tax profits £6.2m to £18.8m for the year ending March 1985.

Scottish oil jobs at risk

BY MARK MEREDITH, SCOTTISH CORRESPONDENT, IN EDINBURGH

ABOUT 6,000 oil industry jobs in Scotland might be at risk because of the downturn of activity that has followed the fall in oil prices, according to a monthly survey issued yesterday by the Royal Bank of Scotland and BBC Radio Scotland.

Oil company exploration budgets have been cut by an average of 20 per cent and some of the 8,000 drilling jobs in the north-east of Scotland were now in severe jeopardy, it added.

The survey pointed to the growing toll the drop in prices was having on the oil industry, which in Britain employs an estimated 100,000 people directly and indirectly. About 60,000 of the jobs are in Scotland.

Most of the oil companies operating in the North Sea have already announced cuts in their exploration budgets but those have yet to cause redundancies. March unemployment in the Aberdeen area remains static at about 6.3 per cent and no heavy job losses have been reported.

According to Mr Chris Bayly of GB Petroleum Consultants in London, between 40 and 50 per cent of the development projects in the North Sea have been, or are likely to be, deferred.

BP recently cut £200m ($310m) from its worldwide exploration and development budget. Some 80 per cent of £170m dropped from planned expenditure in exploration and drilling work on existing production platforms relates to North Sea activity.

Shell is similarly reviewing its expenditure offshore and expects substantial cuts to be made in its Tern and Eider fields. Britoil has reduced its exploration budget by 40 per cent to about £170m and Burmah has reduced its spending by 50 per cent to about £11m.

Swiss bank secrecy under pressure

Continued from Page 1

funds are handled through lawyers or fiduciary agents.

The *convention de diligence* came into being after the 1977 scandal over the Chiasso branch of Credit Suisse, which had energetically solicited deposits from abroad without worrying about their origin.

Under the agreement, the banks undertake to ascertain "with such care as, according to the circumstances, can reasonably be expected" who is the beneficial owner of the funds entrusted to them. Fines of up to SFr 10m ($5.25m) can be imposed on banks – but not on individuals – that fail to do so.

Swiss lawyers and fiduciary agents need not disclose their clients' names when dealing with the banks but are supposed to declare that they know their clients personally and give assurances that the transactions they are initiating would not abuse Swiss banking secrecy.

The system relies on the integrity of the lawyers or agents involved. The vast majority undoubtedly stick to the rules but it is evident that the system is not watertight. Some managers of foreign wealth had privileged relationships with the banks, Mr Languetin said somewhat cryptically.

Some lawyers and agents are said to tout for business with foreign clients by emphasising that, if the funds are channelled through them, the banks do not have to be told the names of the true owners.

By raising the issue now, Mr Languetin was not trying to shake the foundations of Swiss bank secrecy. Few Swiss want to do that. He was making a technical point but, by voicing his doubts about the functioning of professional secrecy in Switzerland now, he has not helped the banks to soothe the nervousness expressed by some of their customers after the Government had ordered the freeze of the Marcos assets.

It is difficult, however, for the banks to fault Mr Languetin's argument that their ability to identify the sources of the funds they receive is far from perfect.

Normal legal proceedings are now taking place in both the Marcos case and that of the funds held in Switzerland by Mr Jean-Claude Duvalier, former president of Haiti.

Now that the new regimes in Manila and Port-au-Prince have started to file criminal charges against their former leaders and have formally applied for Swiss legal assistance, magistrates in the cantons concerned have instructed banks to block funds held on behalf of Mr Marcos, Mr Duvalier and their associates.

The extraordinary political intervention by the federal Government has apparently served its purpose of preventing assets from being spirited away before the authorities in Manila and Port-au-Prince could act in accordance with Swiss law.

The Government's intervention, even though it quickly passed on responsibility to the Banking Commission, the controlling body, upset the banks. It implied a change in the official attitude towards Swiss bank secrecy. Now Mr Languetin has seized the opportunity to step up pressures for changes in control practices.

Some members of the Government are understood in retrospect to have doubts about the wisdom of their intervention in the Marcos case. In future, action is likely to be left to the Banking Commission.

But the message from both the Government and the SNB seems clear: a better way has to be found of reconciling Switzerland's international moral commitments with the banks' duty to keep the secrets of their foreign clients.

Leaders to fight against terrorism

Continued from Page 1

impression that he thought the summit would be dominated by the subject of terrorism and cited, with some approval, past complaints by President Mitterrand that recent summits had lost their original economic justification.

Indeed, in running through the summit agenda, he mentioned terrorism as just one of several political and strategic issues that would be discussed after international economic and financial matters had been disposed of.

The Prime Minister's principal message was that the summit should be an exercise in "political co-ordination," principally on economic matters but also in general areas. This summit, he said, should be "the starting line" in planning ahead for the challenges of the 21st century.

France's approach to the summit discussions was set out by President Mitterrand in an interview with the Japanese newspaper, Yomiuri Shimbun. He said France was ready to take part in "an international anti-terrorist organisation" that would link police and intelligence services with, if necessary, "a military extension."

In a clear reference to France's refusal to allow American bombers to fly over its territory on the way to their raid on Libya, the President said that France did not want to become involved in "international actions" that it had not freely examined.

David Lennon adds from London: More than 1,000 Britons have left Libya in the past few weeks, according to the Foreign Office. The remaining 3,500 to 4,000 British citizens have been warned that there is "a distinct limitation" on the consular protection that London can give them.

Mr Hugh Dunnachie, the only resident British diplomat left in the country, held a series of meetings at the weekend with representatives of the British community to repeat a Foreign Office warning that "they should consider very carefully their decision to remain in Libya."

British businessmen and technicians planning to go to Libya are being advised by Whitehall to consider whether their trip is necessary.

Reagan to keep human rights off agenda in Indonesia

By Reginald Dale in Honolulu

PRESIDENT Ronald Reagan will try to remain detached from a growing controversy over allegations of corruption and human rights violations by the Indonesian Government when he meets President Suharto in Bali on Thursday, according to US officials accompanying the President on his 13-day Pacific tour.

Despite pressure from the US Congress and human rights groups, Mr Reagan will stick to his policy of "quiet diplomacy" in dealing with the alleged abuses, the officials said. While the US had "noted" the charges, it believed they were an internal matter for Indonesia.

Nevertheless, the issue was emerging as a potential stumbling block as Mr Reagan continued his leisurely swing through the Pacific on the way to next week's Western economic summit in Tokyo.

A recent State Department report raised serious questions over human rights deficiencies in Indonesia – including unexplained deaths and disappearances – but Mr Larry Speakes, the White House spokesman, said the most systematic and widespread abuses in South-East Asia were in Vietnam and Vietnamese-occupied Cambodia.

Both the White House and the Indonesian Government are highly sensitive about the human rights issue, and are hoping that it will not overshadow Mr Reagan's other business in Indonesia. Mr Reagan was due to arrive in Bali tonight after leaving Hawaii yesterday for a brief stop in Guam.

The official business on Mr Reagan's agenda involves meetings with Mr Suharto and the six Asean foreign ministers, to discuss trade, the Vietnamese occupation of Cambodia and regional security. He is also to hold separate talks with Mr Salvador Laurel, the Philippines Vice President and Foreign Minister.

Mr Reagan's critics, however, are claiming that authoritarian Indonesia is an inappropriate place to visit – at least without commenting on human rights – at a time when he is making so much of the "winds of freedom" he believes to be blowing around the world.

There has been considerable interest among the more than 200-strong press corps accompanying Mr Reagan over Indonesia's decision to refuse entry to two Australian Broadcasting Corporation correspondents travelling on the White House press train. The move is part of wider Indonesian reprisals against Australia in response to an article in the Sydney Morning Herald last month which accused the Government and Mr Suharto's family of widespread corruption.

The Indonesian Government has also shown irritation at comparisons made recently between the 20-year rule of Mr Suharto and former President Ferdinand Marcos of the Philippines.

Mr Reagan, however, says he has no intention of trying to intervene in Indonesian politics. "We believe that Asian nations are the masters of their own fate," he said yesterday.

Countries in the region "must work out solutions to problems on their own according to their own particular, and often unique, circumstances. That is what happened in the Philippines," he said.

In another potential difference of opinion with Mr Suharto, Mr Reagan also defended US military co-operation with Peking in order to "maintain China as a force for peace and stability in the region and the world." Indonesia has frequently shown concern about potential Chinese expansionism.

THE LEX COLUMN

Deck-clearance at Inchcape

The market presumably had its reasons for driving the Inchcape share price up 15p, to 358p, on a day which saw the group report a miserable set of preliminary figures and the disappearance of a quarter of its net worth. But quite what they were is anyone's guess.

The Inchcape share price is now trading at a premium of 8 per cent to net assets on which the group earned a post-tax return of 3 per cent last year. Either Inchcape is poised for a glorious recovery, having provided for everything in sight, or the market capitalisation will be validated by a far-sighted bidder. Nothing else can explain yesterday's reaction to a fall of a third in pre-tax profits.

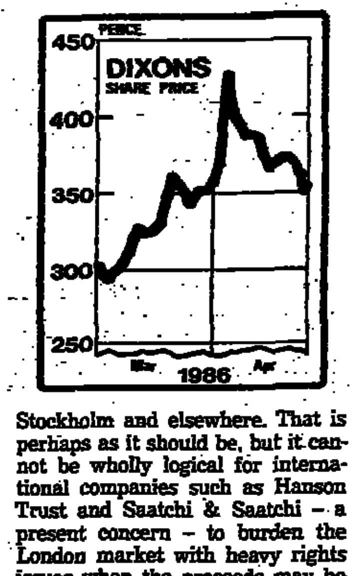
It is admittedly hard to see how 1986 could be any worse than 1985. South East Asia, which was bleeding throughout the first half, had started to haemorrhage by the end of the year, resulting in a turnround from profits of £17.6m in 1984 to losses of £10.3m. Much lower prices cut tea profits almost in half, while currencies took another £10m off profits and helped to account for the decline in shareholders' funds. And provisions have been made left, right and centre.

Yet the trading outlook on the company's principal markets is still looking none too bright and the dollar is moving stubbornly in the wrong direction, so the main boost to earnings this year should come from a reduction in the tax charge from 73 per cent to about 55 per cent. On profits of £65m pre-tax, the shares would be trading on a p/e of 11 but, bidders aside, it is a yield of 7.2 per cent which keeps the price in its present range.

International equity

The placing of large chunks of equity with international investors is fast becoming a matter of routine. Yesterday Atlas Copco used no less than seven regional distributors to find a home for SKr 530m of equity which had been bought up by Wallenberg interests during the Great Volvo War. Another Wallenberg company, Electrolux, is already well advanced with plans to raise around SKr 2bn of fresh equity on the international markets next month.

The quaint old British loyalty to the principle of pre-emption has so far prevented UK companies from distributing equity with the freedom enjoyed by their brethren in



Stockholm and elsewhere. That is perhaps as it should be, but it cannot be wholly logical for international companies such as Hanson Trust and Saatchi & Saatchi – a present concern – to burden the London market with heavy rights issues when the proceeds may be spent elsewhere. London is increasingly providing capital for industry in continental Europe; if British companies cannot obtain reciprocal access to Europe, the likely consequence will be local indigestion in the UK primary market.

Dixons/Woolworth

Trench warfare at Woolworth Holdings has bogged down over the past three weeks somewhere between the Woolworth confectionery counters and the accounting policies pursued by the aggressor, Dixons. It is as difficult as ever it was for a management of Woolworth to convince the retailing experts that the high street stores have been managed as anything more than a property portfolio and cash-cow for the development of the B&Q do-it-yourself chain. Equally, the onus is on Dixons to tell a more convincing story and – since the offer stands at a discount of a fifth to the Woolworth market price – improve its terms.

At Woolworth, Operation Focus may be better researched than some earlier plans for the revitalisation of the FWW variety chain, but the echo of such initiatives as Operation Crackdown lives in the City's memory. Depending how you slice them, the figures can be taken as evidence either of an agonising breakthrough into genuine retail profitability, or of a cycle that leads from each product rationalisation to the next set of stock write-downs. Whatever interpretation is given to past performance, the truth is that Woolworth's management is now competing on level terms with Dixons for a mandate to try something new.

Leaving Woolworth alone is certainly an option, as it would not have been five years ago. Operating with much improved sales information, the management has now excluded product areas that were producing the worst returns. But its chosen specialisms still include the sweets and soft toys that look to outsiders like items that must for ever struggle to earn their keep in prime retail space. Dixons, for its part, has left its merchandising plans for Woolworth vaguer than is comfortable; the Dixons method is all, it seems. But certainly not at this price.

LIG/Wedgwood

If as shrewd an investment manager as Mercury Warburg considers a bid is reasonable, can other institutions refuse? London International Group's purchase of a 9.9 per cent stake in Wedgwood from Warburg, and Warburg's acceptance for another 14.9 per cent in the absence of another offer could prove more important to the success of the £149m bid than all the talk of integration benefits. The offer does not look over-generous, though. At LIG's 219p close, down 2p yesterday, it is worth 328½p per Wedgwood share, giving a multiple around 15 on expected pre-tax profits of £16.5m for the year just ended. If completed at that price, the deal should add to LIG's earnings per share in year one, despite the over 50 per cent increase in share capital involved.

Further benefits will depend on Mr Alan Woltz's abilities to extract more from Wedgwood when combined with LIG's Royal Worcester Spode business. As the larger of the two, with established operations in North America, Australia and Japan, Wedgwood probably has more to offer RWS than vice versa. What Mr Woltz plans to add to Wedgwood are the marketing skills he has developed for other consumer branded products, which though very different to Wedgwood's seem to be working for RWS, in the 18 months since it was taken over, plus improvements in production and savings on the sales forces. With Wedgwood shares closing up 25p at 368p the market is saying that Warburg's clients could get more for their second tranche.

Moscow admits to N-plant accident

Continued from Page 1

ally said, the accident only happened yesterday.

Swedish nuclear experts initially estimated that the accident even had it occurred in the Soviet Baltic region, must have happened one to three days earlier for such a widespread increase in radiation to have been detected in Scandinavia.

The Soviet nuclear power programme has become crucial to Moscow's energy planning. Total nuclear output was 23,000 MW in 1985, but that is to be increased by another 40,000 MW within five years. There are some 46 reactors in operation, and a further 39 under construction.

Two researchers at the Moscow-based Institute of Nuclear Power recently wrote in Nature, the scientific magazine, that there have been "no serious accidents at Soviet nuclear power plants – accidents that would pose a threat to the population in the last 31 years," since the first reactor started operation.

Paris cuts rate to stem inflow

Continued from Page 1

trend continues," the institutes warn, "a monetary potential would be created, leading not to higher output and employment, but merely to higher prices."

The Bundesbank would be forced to adopt a deliberately restrictive policy, pushing rates higher, "to the detriment of demand, production and jobs." The result would amount to a return to a policy of monetary stop and go, which, the study comments, "has produced bad experiences enough already."

As it is, the five reckon that prices should rise by only 0.5 per cent in 1986, thanks to the collapse in oil prices and the increasing strength of the D-Mark.

Although domestically generated inflation is running at some 2 per cent annually (and if anything accelerating as wage settlements become more generous), its impact has been virtually obliterated by the decline in import prices, in March 18 per cent lower than a year earlier.

Less welcome to the German team in Tokyo – at least in terms of its international impact – is the institutes expectation that West Germany's current and trade surpluses will both grow sharply in 1986. The trade surplus might reach DM 100bn (against DM 73.6bn last year) while the current balance may rise to DM 60bn from the record 1985 level of DM 38.6bn.

The report is confident that the present upswing will continue into 1987.

Japanese lift car market share in Europe

Continued from Page 1

ries models, the smallest in its range – the sudden resignation last month of Mr Eberhard von Koerber, sales director, was an indication of the concern about its performance in Germany and some other European markets.

BMW is struggling to get its mix of models right in Germany – it remains short of diesel 3-series models and the high-performance 325i, for example, while other models are immediately available. Demand for the large (and low-volume) 7-series models is on the wane because it is well known that they are shortly to be replaced.

In comparison with Renault, BMW's difficulties seem relatively insignificant. The state-owned French group was the only leading producer to suffer a decline in volume sales in West Europe in the first quarter – an 11.8 per cent drop to 274,000.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	C	14	57	Dubrovnik	C	22	72	Malta	F	11	52	Rhodes	S	25	77
Algiers	C	11	52	Edinburgh	R	10	50	Manchester	R	9	48	Rio de Ja	S	33	91
Amsterdam	C	11	52	Faro	C	12	54	Manila	S	36	97	Rome	C	13	55
Athens	S	24	75	Florence	C	15	59	Melbourne	F	13	55	Salzburg	C	15	59
Bahrain	S	28	86	Frankfurt	C	16	61	Mexico City	S	25	77	San Francisco	F	14	57
Bangkok	S	35	95	Funchal	C	15	59	Miami	S	20	68	Seoul	S	20	68
Barcelona	F	18	64	Geneva	C	9	48	Milan	F	14	57	Singapore	S	31	88
Beirut	S	27	81	Gibraltar	S	19	66	Montreal	C	8	46	Stockholm	S	17	63
Belfast	C	11	52	Glasgow	C	10	50	Moscow	C	23	73	Strasbourg	C	13	55
Belgrade	S	26	79	Guernsey	F	10	50	Munich	C	12	54	Sydney	F	18	64
Berlin	S	18	64	Helsinki	S	21	70	Nairobi	F	22	72	Tangier	C	22	72
Biarritz	C	12	54	H. Kong	S	21	70	Naples	F	19	66	Tel Aviv	S	16	61
Bombay	S	31	88	Innsbruck	C	15	59	Nassau	S	27	81	Tenerife	F	27	81
Bordeaux	C	12	54	Inverness	R	9	48	New Delhi	S	36	97	Tokyo	C	18	64
Brussels	C	13	55	Islamabad	S	29	84	New York	S	16	61	Toronto	F	13	55
Budapest	S	24	75	Istanbul	S	19	66	Nice	S	18	64	Tunis	F	11	52
B. Aires	[illegible]	[illegible]	[illegible]	Jakarta	[illegible]	[illegible]	[illegible]	Nicosia	S	30	86	Valencia	S	19	66
Cairo	S	34	93	Jersey	F	12	54	Oporto	F	13	55	Venice	S	19	66
Cape Town	S	23	73	Jo'burg	F	17	63	Oslo	C	13	55	Vienna	S	17	63
Caracas	S	30	86	Las Palmas	S	21	70	Paris	C	15	59	Warsaw	S	23	73
Casablanca	C	16	61	Lisbon	C	16	61	Peking	S	23	73	Washington	S	23	73
Chicago	C	19	66	London	F	14	57	Prague	S	19	66	Wellington	F	3	37
Cologne	F	14	57	Los Angeles	F	15	59	Reykjavik	F	7	45	Zurich	C	8	48
Copenhagen	S	15	59	Luxembourg	F	13	55								
Corfu	S	20	68	Madrid	F	14	57								
Dubai	S	32	90	Majorca	F	16	61								
Dublin	F	11	52	Malaga	S	19	66								

Readings at mid-day yesterday: C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Tuesday April 29 1986

Arco reports 18% fall in first quarter income

BY WILLIAM HALL IN NEW YORK

ATLANTIC RICHFIELD (Arco), the Los Angeles-based oil group which has the largest US oil reserves of any leading oil company, reported an 18 per cent drop in first quarter net income to $288m and warned that second quarter earnings could deteriorate "significantly" if prices remain at current levels.

The group's earnings per share rose by 7 per cent to $1.58, reflecting the impact of the stock repurchase programme undertaken in 1985 and temporarily suspended in January 1986. During the first quarter of 1986, the group had an average of 182.2m shares outstanding compared with 238.6m a year ago.

Mr Lodwrick M. Cook, Atlantic Richfield's chief executive, said: "Strong performances were achieved from refining and marketing and integrated petroleum processing operations, along with significantly lower exploration expenses and operating costs resulting from last year's restructuring. These factors partially offset the effect of the decline in crude oil and natural gas prices during the first quarter."

Arco's average price for domestic crude oil fell to $14.14 per barrel in the first quarter from $20.36 in the same period last year. This was the biggest factor in the 42 per cent drop in after-tax earnings to $198m from the group's worldwide oil and gas operations. Reflecting last year's restructuring, worldwide exploration expenses fell 46 per cent to $137m.

Arco's production of oil and natural gas liquids rose by 13,000 barrels a day to an average of 736,400 barrels a day in the first quarter, primarily attributable to an increase in net production from Alaska's Prudhoe Bay and Kuparuk River fields.

After/tax earnings from Arco's downstream refining and marketing operations increased by 82 per cent to $89m in the first quarter and Lyondell Petrochemical, an integrated petroleum processing operation, contributed $32m to after-tax earnings in the first quarter compared with a $26m loss last year.

Arco's annual return on stockholders equity during the first quarter based on net income, was 21.1 per cent, compared with 14.3 per cent a year ago.

Dainippon Ink follows overseas strategy

By Yoko Shibata in Tokyo

DAINIPPON INK and Chemicals, *the Japanese company seeking to* acquire Sun Chemical of the US for *up to $800m, has a distinctive* 10-year history of expansion through *takeovers abroad.*

The strategy is explained by Mr Shigekuni Kawamura, *its president*: "In achieving an expanded *role for a chemical company such* as ours which has lagged behind in diversifying our business, the most effective route to choose is corporate acquisition and capital participation in other companies."

This was set cautiously in train in 1976 when the company paid Y1.8bn ($10.7m) for Kohl and Madden, a maker of printing inks with outlets in the US and Canada.

From a number of modest-sized agreed deals since then, one stands out: the 1979 contest for Polychrome, a US ink and printing plate maker, in which Dainippon Ink won a bitter bid fight against Rhône-Poulenc, the French chemicals giant.

Dainippon paid some Y17bn for Polychrome, gaining along the way an experience in takeover tactics to which few Japanese companies can lay claim.

This asset could be of substantial value in the coming weeks following the hostile reaction to its bid approach by Mr Norman Alexander, Sun's chairman, who last week acted to boost his personal holding to about 44.6 per cent – a purchase which has led to inquiries by the Securities and Exchange Commission.

Dainippon proposed to negotiate with Sun to acquire either its graphic arts materials group for $425m in cash, or alternatively the whole company for $75 a share cash, later raised to $77.

According to Dainippon, it was Mr Alexander who last June first raised the possibility of selling it the graphic arts division, which forms the bulk of Sun's activities. However, late last Thursday, in an apparent attempt to increase the pressure on Sun, a Dainippon subsidiary notified Sun that it intended to raise its stake to more than 50 per cent by buying shares to add to those held already. Sun said it had hired investment banking firms to evaluate Dainippon's original offer as amended.

Mr Tatsuo Ando, a Dainippon *vice-president*, describes Sun Chemical as "a long cherished *hope" for the company, which since* October 1984 has held a 3.7 per cent *stake in its target.*

He says that funding is already in place from four Japanese banks – Fuji, Mitsubishi, Mitsui and Long-Term Credit Bank of Japan.

Dainippon shares have responded enthusiastically since news of the proposed bid emerged in New York eight days ago. They closed on the Tokyo Stock Exchange yesterday at Y480, at a year's high, buoyed Y45 over the period.

Dainippon, which has some 6,200 employees and consolidated annual *sales of close to Y500bn, has at the* same time diversified domestically into synthetic resins.

NETHERLANDS ATTRACTS NEW MAKERS OF INTEGRATED CIRCUITS

Dutch launch microchip group

BY LAURA RAUN IN AMSTERDAM

AN AMBITIOUS Dutch microchip company is being launched in the highly promising European custom-designed chip market. It is Advanced Custom Electronics, headed by Mr Pieter Langendam, a microchip expert formerly with Philips.

He is forming Advanced Custom Electronics with the aim of making high-quality custom chips coupled with the intensive customer service. Custom chips are integrated circuits (IC) designed for a specific application, often for an individual company, and produced faster and in lower volume than commodity chips.

Mr Langendam has garnered $10m of Dutch financial backing in five weeks, including venture capital and a government subsidy. He is still negotiating for a further $6m and plans to begin operations in June with headquarters in Nijmegen, fixed assets of Fl 20m ($8.1m) and 40 employees.

The keenest competition for Mr Langendam is likely to come from European Silicon Structures (ES2), a recently founded, pan-European venture with more than $30m of financing from big companies including Philips and Olivetti. Mr Langendam is confident his smaller company can compete with ES2.

Advanced Custom Electronics aimed to achieve commercial success, Mr Langendam said, while ES2 was a social experiment aimed at proving that European companies could join forces to compete against the US and Japan. He said his company would have a competitive edge by using superior US design technology through an agreement with Silicon Compilers, compared with ES2's link with Lattice Logic of Edinburgh. Advanced Custom Electronics would also produce in larger volumes and more cheaply by renting rather than building manufacturing facilities.

"We will have American technology combined with Japanese quality and European integrity," Mr Langendam said. Computer-aided design of the chips would initially take place at Silicon Compilers of San Jose, California, while production would be at three sites still to be chosen in the US, Japan and Europe.

The complicated custom ICs are cheaper, more energy efficient and smaller than commodity chips because one custom IC is designed to do the work of 30 or more high-volume chips. The Dutch company will use CMos logic in very large-scale integration and ultra large-scale integration (Ulsi), which refers to the complexity of the chip.

Advanced Custom Electronics is among the first of a wave of small, innovative IC companies which have set up shop in the Netherlands or are considering doing so. They have been attracted by the expertise surrounding Philips and ample venture capital. Sagantec is a semi-conductor company which was also founded by former Philips employees. Silicon compilers and Advanced Custom Electronics were planning to build a research centre in the Netherlands and a joint venture might be in the offing, Mr Langendam said.

Sierra Semiconductor, a custom *chip maker in San Jose, is being* courted by Dutch Government leaders and venture capitalists to found a facility in the province of North Brabant, according to industry analysts. Sierra Semiconductors was launched five years ago with $8m of equity and has sales of between $5m and $10m a year, according to Mr Jim Beveridge of Dataquest, the semiconductor industry analyst. The company has a technology exchange with National Semiconductor.

Gate Array, another *Californian* chip company, is also being wooed with venture capital from the province of Overijssel and possibly from the central government. Gate Array specialises in very fast production of semiconductor components. Still another name being bandied about is that of Cirrus Logic, an American silicon design laboratory, which may set up facilities in the Netherlands.

AEG offers to buy remainder of Modcomp

By Jonathan Carr in Frankfurt

AEG, the West German electricals concern, aims to take over Modular Computer Systems (Modcomp), a US company specialising in computers to control process manufacturing plants, in a deal which could cost $42m.

AEG, which has had a 19 per cent stake in the company since 1980, is making a cash offer of $9 a share for the remaining stock. Further details will be announced later this week.

Modcomp, based in Fort Lauderdale, Florida, had sales revenue last year of about $70m and 850 employees. With the takeover AEG aims to strengthen its position in the fast-expanding field of factory automation.

AEG also hopes to boost its position more generally in the US, where its sales last year totalled about DM 400m ($183.5m) by using the Modcomp sales network to help distribute AEG products from the information technology and other sectors.

The new move further underlines that AEG is again beginning to expand in selected fields, following its return to profit and recent takeover by the Daimler-Benz concern.

Morgan Stanley lifts earnings to $58m

BY TERRY DODSWORTH IN NEW YORK

MORGAN STANLEY, the New York investment bank which recently went public with a stock offering of just over 20 per cent, achieved a substantial earnings gain in the first quarter of the year, helped by a big jump in trading profits.

Net income soared to $58m, or $2.92 a share, from $7.8m, or 89 cents a share, in the same period of last year. More detailed profits figures showed that the group experienced a steady rise in profits during the course of last year, with earnings jumping to $28.6m in the second quarter, dipping slightly to $25.8m in the third quarter, and forging ahead again to $33.7m in the final three months.

Net revenues – the group's gross revenues less interest expense – rose to $349m in the first quarter against $177m a year ago.

Morgan, until last month a private organisation which had only given flimsy details of its financial performance, completed its initial public offering of 5.18m shares at the end of March. Its shares immediately jumped to a large premium over the issue price of $56½ – itself an increase on initial estimates of $46 a share – and yesterday were trading $76⅛ in the immediate wake of the profits announcement.

The biggest contribution to the increase in Morgan's earnings came from trading, both in debt and equity securities. Wall Street has enjoyed a bonanza in this field in the first quarter because of the consistent buoyancy of the capital markets.

Helped also by the surge in underwriting which boosts volume for the investment banks distributing the securities, Morgan's revenues from principal transactions leapt to $70.8m from $39.5m a year ago.

Investment banking also generated greatly increased revenues, up to $115.3m from $73.1m, despite the slowdown in mergers and acquisition activity in the US. Commission revenue rose to $50m from $39.4m, and asset management revenues to $11.1m from $6.6m.

Total capital funds at the end of the quarter, including $277.7m realised *from the stock offering, came* to $976m, placing Morgan within the top six or seven Wall Street securities houses.

Mr S. Parker Gilbert, chairman, and Mr Richard Fisher, president, said earnings in the quarter had been enhanced by buoyant markets and falling interest rates, but also reflected the "distribution and trading capabilities we have built up in recent years in New York, London and Tokyo."

Moulinex in FFr 34m loss as sales decline

BY DAVID MARSH IN PARIS

MOULINEX, the French kitchen equipment manufacturer, registered a FFr 34.9m ($5m) consolidated loss for 1985 after a FFr 54.3m profit in 1984.

The company, which last year linked with Scovill of the US in an effort to improve its performance on the American market, blamed the loss on a sharp drop in turnover below forecast levels. Last year's group sales rose only moderately to FFr 3.37bn from FFr 3.33bn.

Moulinex said European activities held up satisfactorily but it faced difficulties in areas such as the *Middle East.*

The group was also forced to declare provisions of FFr 38m concerning activities in Venezuela. Last year's result would have been even worse but for a tax carry-back of FFr 32.6m which profited last year's accounts.

The company, which is passing a dividend payment for *1985, said it* was facing tough competition on markets for microwave ovens which make up 15 per cent of its sales and where turnover growth had been below objectives last year.

Productivity improvements in the past few years had not been matched by a corresponding increase in volume sales. Moulinex, which is still presided over by its 86-year-old founder, Mr Jean Mantelet, said it was taking steps to adapt production capacity and hoped for an improvement in results this year.

Low product prices trigger loss at Elkem

BY FAY GJESTER IN OSLO

ELKEM, the Norwegian metals, mining and manufacturing group, reports a loss before extraordinary items of NKr 36m ($5.2m) in the first quarter of 1986 compared with a profit of NKr 148m in the same period last year.

Extraordinary income of NKr 21m from the sale of property and other items reduced the pre-tax loss to NKr 15m, compared with a pre-tax profit a year earlier of NKr 154m.

Group turnover fell to NKr 1.86bn from NKr 2.4bn.

The company attributed the poor result chiefly to low prices for its main products during the period. Although demand continued "reasonably good," surplus world production last year led to over-supply, with prices under constant pressure and inventories increased, the company said.

However, the outlook for some products had shown signs of slight improvement as the quarter drew to a close.

Contributing to a loss the acquisition by Elkem of a ferro-silicone plant formerly owned by Orkla Metal. That plant, Thamshavn Verk, depends on "spot power for much of its energy needs. The high price of this kind of power during the quarter, together with low capacity utilisation, caused the plant to operate at a substantial loss."

Elkem's purchase of Orkla Metal and 52 per cent of the shares in another company, Bjolvefossen, is part of restructuring aimed at improving the competitive position of Norway's ferro-alloy industry.

Go-ahead for Sea-Land bid

SEA-LAND, the US shipping group, has approved a merger agreement providing for the acquisition of the company by CSX, the rail group, in cash per share.

Sea-Land said it had 23,429,587 shares outstanding and 3,160,587 shares issuable upon conversion of its 11.25 per cent convertible subordinated notes, due 1998.

The offer will be conditional on, among other things, the valid tender of at least 10,250,000 shares, subject to increase to 13,500,000 in certain circumstances, and on the informal approval by the Interstate Commerce Commission of an interim voting trust arrangement.

Kaufhof to lift payout

BY JONATHAN CARR IN FRANKFURT

KAUFHOF, West Germany's second biggest retail group after Karstadt, proposes to raise its 1985 dividend to DM 7 from DM 6.50 per DM 50 share, after slightly increasing net profit to DM 53.7m ($24.6m) from DM 52.8m a year earlier.

The group gave no details of its sales but, in line with other major retail groups, these are expected to have stagnated last year after a cut to DM 8.4bn in 1984 from DM 8.57bn.

Kaufhof has been seeking to counter reduced consumer demand not least by boosting its services activities and expanding its specialist supermarket subsidiaries such as McFash and Saturn.

The group plans to raise its investment this year by almost 50 per cent to DM 200m, of which almost half will go to the subsidiaries. *Kaufhof should also gain from the* expected increase in consumer demand this year, buoyed by low inflation, tax cuts and the fall in the oil price.

US ACQUISITION ADDS AN INTERNATIONAL EDGE TO A FAST-GROWING CANADIAN BANK

Chemical change at Royal Trust

BY BERNARD SIMON IN TORONTO

ROYAL TRUST is set to join Canada's six leading banks as a significant player in international financial markets with its planned acquisition of Dow Financial Services, the banking, investment management and securities arm of Dow Chemical.

RT's president, Mr Michael Cornelissen, said the 168m purchase, still subject to regulatory approvals, "achieves in one fell swoop what we've been planning for a year and what would otherwise have taken 10 years to put in place.

"We serve a specialised niche market for personal and corporate clients. The business that Dow does ties in exactly with that market segment."

RT'S international operations centre on trust and banking services in Britain and the Channel Islands. The addition of Dow will not only expand the Canadian company's presence in Britain through the merchant bank Arbuthnot Latham and stockbrokers Savory Milln but also give it a firm foothold in Swiss banking (through Dow Banking Corp) and in leasing, factoring and other financial services in the Far East.

Closer to home, RT will add another leg to its rapidly diversifying Canadian base through Dow Banking's 10 per cent interest in Quebec's second largest securities firm, Geoffrion Leclerc. The Swiss bank has a substantial Canadian exposure.

Dow's international network will help RT satisfy a growing demand among Canadian institutions for international investment management services. RT uses outside advisers such as Barings, the London merchant bank, to help manage offshore funds for Canadian institutions.

Zurich-based Dow Banking Corp will give RT extra muscle in its Swiss franc loan syndication and underwriting business with Canadian and Japanese companies.

RT emerged from a fierce takeover battle in 1980 as part of the industrial, mining and financial services interests of the Toronto branch of the Bronfman family, best known for its links to the Seagram liquor empire. The Bronfmans control Trilon Financial, RT's parent company.

Olympia and York, the real estate and resources group which gained control of Hiram Walker Resources last week, has a minority interest in Trilon. Since the takeover, RT has been transformed from a moribund mortgage and savings company into one of Canada's fastest growing, most diverse and most profitable financial institutions.

RT's assets under administration have jumped by more than a fifth in the past year to C$80.1bn ($46.2bn) on March 31. By contrast, Canadian banks achieved asset growth of less than 10 per cent. RT's first-quarter return on balance sheet assets was 0.11 per cent, double the average for the banks.

RT will pay a premium of about 40 per cent on the book value of Dow's assets and is likely to inject around $100m into the company. Although the acquisition is thus likely to push up RT's debt, Mr Cornelissen is not concerned.

RT has a double-A credit rating. Its ratio of equity to assets was 8.4 per cent at the end of last year, making it one of Canada's most conservatively capitalised financial houses. Unlike the banks, RT has no exposure to troubled Third World debtors. Dow Chemical will retain responsibility for $200m of its financial units' high-risk loans, about half of them to South Africa.

In the company of other Canadian trusts, RT has diversified rapidly in recent years, taking advantage of a more flexible regulatory framework than that which applies to the banks.

RT provides many retail services in direct competition with the banks but has the advantage of being allowed to supply fiduciary services such as trust, estate and portfolio management, and mutual funds. RT has a 51 per cent interest in Royal LePage, Canada's biggest supplier of real estate services. It aims to expand its corporate loan portfolio from C$700m to C$2bn.

In the past year or two, RT has strengthened its links with other Bronfman-controlled companies as part of a plan to expose cutomers to what Mr Cornelissen calls "magic moments," in other words, situations where one transaction gives RT and its associates an opening to sell a wide variety of services to a single customer.

A home buyer using a Royal Le-Page real estate agent, for instance, may also be persuaded to take a Royal Trust mortgage, to invest surplus funds in one of the company's many savings accounts and to buy insurance through other Trilon subsidiaries, such as London Life and Wellington Insurance.

RT has also begun to mesh its computer systems with those of its sister companies. Last July it raised its stake in Canada Systems Group, the country's largest supplier of financial services software, from 25 per cent to 40 per cent.

One brake on RT's growth may be growing awareness in Canada of the power of emerging financial conglomerates such as Trilon. Concern over interlocking shareholdings has been heightened in the past few weeks by disclosures that two Bronfman-controlled companies, including Trilon, have paid handsome commissions to one of their associates for distributing new share issues to other companies within the Bronfman domain.

INTL. COMPANIES & FINANCE

Ajokki rescue sparks row in Finland

BY OLLI VIRTANEN IN HELSINKI

THE RESCUE of Ajokki, Finland's state-owned bus chassis manufacturer, has caused a row between the Finnish Government and Union Bank of Finland, the company's main financiers.

The Finnish Government has agreed to provide a FM 30m ($6m) package to resuscitate the country's leading chassis maker, but Union Bank of Finland, which holds the bulk of its liabilities worth FM 150m ($30m), regards this as inadequate.

Ajokki's turnover equals its liabilities. The results for the financial year ending March 31 showed a loss of FM 23m. The company's problems mainly stem from overcapacity which was made worse when it built a new factory.

The Government's rescue package includes FM 12m in cash for paying immediate bills. In addition, the Government will write off FM 15.3m in loan guarantees.

The Government has offered the company for sale for the value of the nominal share capital, but there are no takers for the debt burden.

According to Union Bank of Finland, the measures are not enough. The bank demands that the state raises the share capital by FM 20m instead of lowering it. Mr Mika Tiivola, the bank's chairman and chief executive, warned that, if the state lets Ajokki go under, it will have serious repercussions for terms of financing for all other state-owned companies.

So far banks in Finland have assumed that the state takes the ultimate responsibility for its holdings. If Ajokki becomes an example of the opposite, banks will have to ask for similar collaterals to those they ask from any private company.

Thermo-Disc to expand

BY HUGH CARNEGY IN DUBLIN

THERMO-DISC, a subsidiary of the US electrical manufacturer Emerson Electric, is to undertake an I£5m ($6.85m) expansion of its plant in Limerick, Co. Clare, Ireland, creating 385 jobs, the Irish Government has announced.

The project, to be backed by Ireland's Industrial Development Authority (IDA), will be phased over five years and will eventually make the Limerick plant Thermo-Disc's main product-development and engineering centre for Europe.

Kone buys into Biddle

BY OUR HELSINKI CORRESPONDENT

KONE, the Finnish lift manufacturer, has acquired 55 per cent of the shares in Biddle Holdings, a British group which owns several lift, heating and ventilation companies.

The stake was purchased from the controlling family, which will repurchase the heating and ventilation business from Kone, leaving the Finnish company with the net acquisition of Bennie Lifts.

Bennie Lifts, based in Peterborough, had a turnover of £10m ($15.4m) last year.

NOTICE OF REDEMPTION

To the Holders of

ENTE NAZIONALE IDROCARBURI

E. N. I.

(National Hydrocarbons Authority)

6½% Sinking Fund Debentures due June 1, 1987

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Sinking Fund for the Debentures of the above-described issue, Morgan Guaranty Trust Company of New York, as Fiscal Agent, has selected by lot for redemption on June 1, 1986 at the principal amount thereof $625,000 principal amount of said Debentures, as follows:

Outstanding Debentures of U.S. $1,000 Each of Prefix "M" Bearing Serial Numbers Ending in the Following Two-Digits:

00 04 10 11 14 73

Also Debentures of U.S. $1,000 Each of Prefix "M" Bearing the Following Serial Numbers:

891	2591	3491	3891	5391	6791	7591	8591	9091	10591	15291	19991	21891
1891	2691	3791	4391	6291	7191	8191	8691	9391	11591	19091	21191	24391

On June 1, 1986, there will become and be due and payable upon each Debenture the principal amount thereof, in such coin or currency of the United States of America as on said date is legal tender for the payment therein of public and private debts, at the option of the holder, either (a) at the corporate trust office of **Morgan Guaranty Trust Company of New York, 13th Floor, 30 West Broadway, New York, N.Y. 10015,** or (b) subject to any laws and regulations applicable thereto with respect to the payment, currency of payment or otherwise in the country of any of the following offices, at the principal office of Banca Nazionale del Lavoro in Rome or the principal office of Banca Commerciale Italiana in Milan or the main offices of Morgan Guaranty Trust Company of New York in London, Brussels, Paris or Frankfurt or the main office of Algemene Bank Nederland N.V. in Amsterdam or the main office of Kredietbank S.A. Luxembourgeoise in Luxembourg-Ville. Payments at the office of any paying agent outside of the United States will be made by check drawn on, or transfer to a United States dollar account with, a bank in the Borough of Manhattan, City and State of New York. Any payment made by transfer to an account maintained by the payee with a bank in the United States may be subject to reporting to the United States Internal Revenue Service (IRS) and to backup withholding at a rate of 20% if payees not recognized as exempt recipients fail to provide the paying agent with an executed IRS Form W-8, certifying under penalties of perjury that the payee is not a United States person or an executed IRS Form W-9, certifying under penalties of perjury the payee's taxpayer identification number (employer identification number or social security number, as appropriate). Those holders who are required to provide their correct taxpayer identification number on Internal Revenue Service Form W-9 and who fail to do so may also be subject to a penalty of $50. Please therefore provide the appropriate certification when presenting your securities for payment.

Debentures surrendered for redemption should have attached all unmatured coupons appurtenant thereto. Coupons due June 1, 1986 should be detached and collected in the usual manner.

From and after June 1, 1986 interest shall cease to accrue on the Debentures herein designated for redemption.

ENTE NAZIONALE IDROCARBURI
By: MORGAN GUARANTY TRUST COMPANY OF NEW YORK, *Fiscal Agent*

April 29, 1986

Deutsche Bank in biggest fixed-rate DM issue yet

BY CLARE PEARSON

DEUTSCHE BANK FINANCE yesterday issued a DM 750m Eurobond with Deutsche Bank as sole lead manager. The 10-year bond, the largest straight fixed-rate DM Eurobond yet, pays a coupon of 5¾ per cent and is priced at par.

Trading in the D-Mark sector was thin, while prices of recent issues slipped a little. Dow Chemical's DM 300m bond was quoted at a bid price of 98.38, against a par issue price, down by ½ point since Friday.

There was some disquiet in the market ahead of today's announcement of the DM May Eurobond calendar, which bankers expect to be substantial, though a large figure is not expected to disturb the market greatly; in recent months not all the scheduled deals have surfaced. Of a timetabled DM 9bn for April, only DM 4.71bn has been issued so far, including Deutsche Bank's bond.

The largest ever French franc Eurobond was launched for Compagnie Generale d'Electricite, the French state-owned electrical engineering and communications concern. The FFr 1bn seven-year bond pays a coupon of 7⅞ per cent and is priced at par. Lead-manager Credit Commercial de France reported fair demand and a bid price of less 1½ per cent.

The French franc Eurobond market did not suffer price falls on the same scale as other sectors last week, and is partially benefiting from investors' switching out of dollar instruments, bankers say.

The dollar Eurobond market saw listless trading yesterday, despite the improvement in US credit markets on the back of a strengthened dollar. Traders say many market participants are reluctant to move paper ahead of Wednesday's announcement of the US Treasury quarterly refunding package. After that they will be looking to see the extent of Japanese buying during the Treasury auctions.

Nevertheless, Banque Paribas Capital Markets launched a $150m deal for SNCF, the French state railways concern. The 10-year 7¼ per cent non-callable bond was priced at 101¼. Banque Paribas quoted a bid price of 99¼.

Additionally, there was a small equity warrants bond for the Banca della Svizzera Italiana (BSI), lead-managed by Union Bank of Switzerland (Securities). The $25m bond will be priced on April 30, but the indicated coupon is 4¼ per cent and indicated price par. The warrants will be exercisable into bearer participation certificates of BSI. Each bond will carry four warrants, two exercisable at a premium to the closing price, and two at the closing price of BSI's shares on the day of pricing. The bond was quoted at 104 bid.

Sekisui Chemical's equity warrants issue, announced last week, was priced to give a coupon of 2¾ per cent, against an indicated 3½ per cent. The exercise price on the warrants was set at Y882, a 2½ per cent premium over yesterday's closing price of Y860. The exchange rate was set at Y168.45. Nippon Synthetic Chemical's equity warrants bond was increased to $40m from $30m. The deal will be priced on Wednesday.

The first ever zero-coupon New Zealand dollar bond was launched for Tourist Hotel Corporation, which is owned by the New Zealand Government. The NZ$100m nominal seven-year bond was priced at 33¼ per cent to give a yield at issue price of 16.91 per cent. Lead-manager Hill Samuel reported trading levels within total fees.

The Swiss franc market traded quietly and price changes were mixed. Short-term rates firmed once more on month-end credit demand. The SFr 200m bond for AMR Corporation, the holding company of American Airlines, traded for the first time and was quoted at 98¾ bid against a 100¾ issue price. In its second day of trading, the SFr 150m bond for Southern California Gas saw its price fall by ½ points, while News International's recent bond slipped to a price of 96, down ½ point from Friday.

Wirtschafts-und Privatbank launched a SFr 150m perpetual bond. This was for the 99.2 per cent state-owned Austrian Airlines, which reported a profit for the financial year 1985. The perpetual bond bears a coupon of 5¾ per cent and was priced at 100. There is a borrower's call option from 1995 at a price of 102 and thereafter every five years at 101.

In the guilder market, Algemene Bank Netherland launched a Fl 200m bond for Asian Development Bank, which has been rated AA by Standard & Poor's. Unusually in this market, the bond has a 10-year bullet maturity. A 6¼ per cent coupon and 99⅛ per cent issue price were indicated.

It was reported that Daiwa Securities has arranged a $100m Shogun bond (a foreign currency bond sold to domestic investors in Japan) for State Bank or New South Wales. The bond has a seven-year life and was priced at 100.90 with a 7¼ per cent coupon. The issue is the bank's first in the Shogun market.

Bid finance for Allied Lyons

By Peter Montagnon, Euromarkets Correspondent

ALLIED-LYONS, the UK-based food and brewery concern, is raising $400m through a one-year loan facility in the Euromarkets designed partly to finance its bid for the liquor and brewery interests of Canada's Hiram Walker.

Under the deal, which is being put together by Baring Brothers and Shearson Lehman International, participants will provide a revolving credit to back up the sale of short-term Euronotes and bank advances through a tender panel of bidders.

The credit carries an annual facility fee of 1/16 per cent and the maximum margin on borrowings has been set at 15 basis points over the London interbank offered rate for Eurocurrency deposits (Libor). It can be extended for a further two years at the borrower's option.

Allied is looking at a range of options to fund the rest of the £1.25bn bid price. This is the first piece of financing in connection with its offer to fall in place.

Warner Lambert sells Imed

THE BOARD of Warner-Lambert, the US health care group, has approved the sale of its Imed intravenous infusion systems unit to the Henley Group, for $163.5m in cash. A definitive agreement has been signed by both companies.

The company said the sale completes the divestiture of its health technologies business.

Mr Joseph D. Williams, Warner-Lambert chairman and chief executive, said the transaction was highly favourable and noted that the sales of the health technologies businesses had been completed well within the financial provision established in November.

Henley has been formed as an independent company to own and operate a number of businesses being divested by Allied-Signal. AP-DJ

Japanese shun foreign equities

BY OUR EUROMARKETS STAFF

JAPANESE INVESTORS have almost ignored equities in their drive to pile into overseas securities markets, according to a new study by American Express Bank.

Foreign equity purchases by Japanese investors last year accounted for only $1bn out of long-term capital outflows of $82.1bn. Bond purchases by contrast totalled $53.5bn.

Mr Richard O'Brien, the bank's senior economist, said there was, however, little evidence of any shift into equities by Japanese investors to improve the balance of their portfolios.

The investment of Japan's current account surplus in the international bond markets has been a major boost to the securitisation of international capital markets generally, but this carried significant risks, according to Mr O'Brien.

"We're getting another build-up of debt world-wide. The fact that it is securitised may not make a great deal of difference in terms of any systematic problems." It would be hard for investors to walk away from holding of securitised debt without a major sacrifice in terms of price.

Where US government bonds were concerned, said Mr O'Brien, the risk was that the dollar could enter a self-fuelling and inflationary downward spiral on exchange markets if Japanese investors lost confidence in the US Treasury bond market.

The Japanese Government would do well to consider other methods of recycling the country's balance of payments surplus to the rest of the world, such as stepped up trade finance, direct foreign investment and aid flows. As the world's largest creditor it should also play a bigger role in the International Monetary Fund and World Bank, Mr O'Brien argued.

Turkish bank note facility

By Our Euromarkets Correspondent

YAPI VE KREDI Bankasi, Turkey's second largest private sector bank, which plays a leading role in financing the country's foreign trade, has launched a $30m note facility in the Euromarket, the first such deal by a Turkish borrower.

Arranged by Merrill Lynch, the facility includes an option for the borrower to issue US bankers' acceptances. It is believed to be the first time that this mechanism has been offered on a fully underwritten basis as part of a Euronote facility.

FT INTERNATIONAL BOND SERVICE

Listed are the 200 latest international bonds for which there is an adequate secondary market.
Closing prices on April 28

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amoco Co. 9⅝ 16	200	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Atlan. Richfield 10⅝ 00	250	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Australia Com. 11 95	200	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Australia Com. 11⅞ 00	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BP Capital 9⅜ 94	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BP Capital 11⅜ 92	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Campbell Soup 10⅝ 95	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canada 9 96	1000	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canada 11⅝ 90	500	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canadian Pac. 10⅝ 93	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CEPME 10⅞ 91	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Citicorp 10 93	200	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Citicorp 10⅝ 96	200	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Credit Lyonnais 9 92	200	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Credit National 9⅛ 93	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Denmark Kgdm. 11⅛ 88	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Denmark Kgdm. 11⅜ 90	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Denmark Kgdm. 11½ 92	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EDC 9⅝ 92	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EDF 10 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EEC 9⅞ 91	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EEC 9⅛ 90	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 10⅝ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 12 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Eli Lilly 10⅛ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Equit. Lrd. Rlty. 10½ 97	100	107⅛	107⅝	−1⅛	−3⅛	9.40
Export Dev. Cpn. 10 90	100	107⅞	108⅛	0	−1⅛	7.69
Fed. Dep. Strs. 10⅛ 95	100	110½	111	−0⅞	−2½	8.40
Ford Motor Crd. 10½ 91	150	107⅞	108⅜	−0⅜	−1⅜	8.58
Ford Motor Crd. 11⅛ 90	100	108⅞	109	−0⅜	−1⅛	8.57
Gen. El. Cred. 10⅛ 00	200	106	106½	+0⅛	−1⅛	9.42
GMAC 10⅛ 89	200	106	106½	−0⅛	−1⅞	7.91
GMAC 10½ 92	250	107½	108	+0⅛	−2⅛	8.62
IADB 9⅞ 95	200	109½	110	−0⅛	−3⅛	8.35
IADB 10⅞ 95	150	114⅜	114⅞	−0⅜	−1⅜	8.20
Kellogg Co. 10⅞ 90	100	106½	107	0	−2	8.64
Kellogg Co. 11⅛ 92	100	111⅜	111⅞	−0½	−1⅛	8.58
Nippon Cr. Bk. 10⅝ 95	150	113⅛	113⅝	−0⅛	−2⅛	8.50
Pillsbury Co. 10⅝ 93	100	106⅜	106⅞	−0⅜	−2	8.97
Proct. & G. 'A' 9⅞ 92	150	104⅜	105⅜	−0⅛	−1⅞	8.83
Pru Realty S. 12⅝ 95	546	116½	117	0	−1⅞	9.22
Qantas Airways 10⅝ 95	140	113⅛	113⅝	−0⅜	−2½	8.23
Queensld. Gvt. 10⅝ 95	100	112⅛	112⅝	−0⅜	−2	8.27
Ralston Purina 11⅜ 95	150	113⅜	113⅞	−0⅜	−6⅝	8.48
Saab Scania 9½ 91	125	104	104½	0	−2	8.37
Saskatchewan 10⅝ 92	100	111½	112	−0½	−2	8.14
Scandinavia Air 10⅞ 95	150	110⅛	110⅝	−0½	−3⅛	8.47
State Bk. S. Au. 9⅛ 93	100	103⅞	104⅜	−0⅛	−2⅛	8.41
Statoil 10 90	170	106⅝	107⅛	−0⅛	−1⅛	8.03
S. Wales Trsy. 11⅛ 90	150	111½	112	−0⅜	−1½	8.21
Swed. Exp. Cred. 10 92	100	109⅜	109⅞	0	−2	7.94
Sweden 9⅞ 96	200	105	105½	−0⅛	−2⅛	7.97
Sweden 10⅛ 92	250	111⅛	111⅝	+0½	−2	7.92
Sweden Kgdm. 10⅞ 90	200	110	110½	0	−1½	7.81
Sweden Kdgm 11⅜ 94	100	115⅛	115⅝	−0⅛	−2⅛	9.08
Tenneco Cpn. 10⅝ 95	150	107⅜	107⅞	−0⅜	−2	9.48
Utd. Tech. Fin. 10⅝ 95	100	110⅝	111⅛	−0⅛	−1⅛	8.81
Victorian Rep. 11⅛ 92	150	113⅞	114⅜	−0⅜	−2⅛	8.54
World Bank 9⅛ 2016	300	107	107½	−2⅛	−4⅞	8.57
World Bank 9⅜ 2016	300	108⅞	109⅜	−1⅛	−5⅞	8.87
World Bank 10⅝ 95	300	113⅜	114⅜	−0⅜	−2⅛	7.93

Average price changes...On day −0⅜ on week −2⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 8 94	200	109⅝	110⅛	+0⅛	−0⅛	6.42
Austrian Elec 6⅝ 95	150	101⅛	101⅞	−0½	−1⅛	6.27
Copenhagen 7⅝ 95	150	103⅝	104⅛	−0⅝	−0⅞	6.74
Dow Chemical 6⅞ 95	300	104⅝	105⅛	0	−0⅛	6.02
EIB 6⅞ 95	300	106½	107⅛	0	−1⅛	5.91
EIB 7⅛ 94	300	105	105⅝	−0⅛	−1½	6.42
Emhart Con. 6⅝ 95	175	102⅛	103⅛	−0⅛	−1⅛	6.31
Ex Im Bk Korea 7⅛ 90	100	101⅞	102⅛	0	−0⅞	7.07
Finland Republic 7 92	200	103⅞	104½	0	−0⅛	6.11
Gould Int. Fin. 7⅛ 91	100	103⅛	104⅛	0	−0⅞	6.64
Heron Intl. Fin. 7⅛ 95	100	100⅞	101½	+0⅛	+0⅛	7.07
Hoesch Intl. Fin. 7 95	100	103⅛	103⅞	0	+0½	6.49
Ireland 8⅛ 92	150	108⅞	109½	−0⅞	−1⅛	6.29
I/S Elsam 6⅝ 93	125	†100	101	+0⅛	+0⅛	6.65
Japan Fin. Con. 7⅝ 91	100	107⅛	107⅞	−0⅛	+0⅞	5.88
Mtsbshi M. 3⅞ 89 WW	100	107½	108⅛	+0⅛	−0⅛	0.91
Mtsbshi M. 3⅞ 89 XW	100	92⅛	93⅛	−0⅛	−0⅛	5.38
Quebec Hydro 7⅛ 95	200	106⅛	106⅝	0	0	6.17
Renfe 7⅝ 95	100	105⅛	106⅛	−0⅛	−0⅛	6.87
Soc. C. Nuclear 7⅛ 96	150	103⅞	104⅜	−0⅛	−0⅛	6.81
Soc. C. Nuclear 8 91	100	105⅝	106⅝	0	−0⅛	6.59
S. African Tran. 7⅝ 92	100	96⅞	97⅞	0	0	8.17
World Bank 7 95	800	107	107⅝	−0⅛	−1⅛	5.94

Average price changes... On-day −0⅛ on week −0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Avon. Cap. Cpn. 5⅝ 94	130	†101	101⅛	+0⅛	−0⅛	5.20
Br. Land Comp. 6½ 98	75	†105	105⅝	+0½	+0½	5.93
Chrysler 5⅝ 98	180	†102½	102⅝	0	+0½	5.40
Council of Europe 6 92	120	†105½	105⅞	+1½	+2	4.87
Creditanstalt 5½ 94	100	†102	102⅛	0	0	5.16
Deutsche Bk. F. 5⅜ 95	100	†104	104⅛	+0⅞	−0½	4.78
Gen. Occidentale 4½ 94	80	†119	119⅝	+2⅛	+2⅛	2.03
Glendale F S&L 5½ 95	100	199⅜	100	0	0	5.51
Humana 5⅛ 98	120	96⅜	96⅞	—	—	5.51
Ind. F. Finland 5⅛ 94	40	*†101½	101⅝	0	0	5.60
N. Zealand Steel 5⅜ 96	70	†101	101⅜	0	0	5.80
Oberos. Kltwk. 5⅜ 95	100	†101⅝	102	+0½	0	5.10
Olivetti Intl. 5½ 95	100	†103	103⅛	+0⅛	+0⅛	5.07
Pepsico 5⅛ 95	130	*†103	103⅛	−0⅛	−0⅞	4.81
Phibro-Salomon 5⅜ 97	110	†101⅛	102	−0⅛	−0⅛	4.91
Ralston Purina 5⅝ 94	125	†102⅛	103	+0⅛	+0⅛	4.95
Settsu Euro. 0 2001	100	†50	50⅛	0	−3⅛	4.76
Tokyo Elec. Pr. 5½ 93	120	†102½	103	−0⅛	−0⅛	5.00
Tokyo Metropolis 5⅜ 94	80	†102⅛	102½	+0⅞	0	4.90
World Bank 5⅝ 94	150	†103⅛	104	−0⅛	−1	5.18

Average price changes... On day +0⅛ on week 0

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Am. Exp. O. Cr. 6⅞ 91	20	98⅝	99⅛	+0⅛	0	6.15
Denmark 6⅝ 96	10	102⅛	102⅝	+0½	+0⅛	6.08
Dow Chemical 6½ 01	25	98⅞	99⅛	—	—	6.47
EIB 6⅝ 96	25	102⅛	102⅝	0	+0⅛	5.90
Procter & Gamble 6 91	25	100⅝	101⅛	−0⅛	+0⅛	5.77

Average price changes... On day 0 on week +0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Am. Ex. O. Cr. 0 91 A$	100	54⅝	55⅛	+0⅛	−1	12.81
Fiat Finance 14½ 89 A$	50	104⅞	105⅜	−0⅛	+0⅛	12.39
GMAC 12⅝ 89 A$	40	100⅞	101⅛	—	—	12.55
LB Schlswg. 14⅛ 91 A$	30	105	106	+0½	−0⅛	12.57
Amex 10⅛ 90 C$	50	105	105½	0	−0⅛	9.16
Canad. Pac. 10½ 90 C$	75	106⅞	107⅛	0	−1⅛	8.39
CIBC 10⅛ 90 C$	75	†103⅝	104⅛	−0⅛	−0⅛	9.60
Genstar Fin. 11⅛ 95 C$	75	†105½	106	+0⅛	0	10.72
Montreal 11½ 95 C$	75	107⅝	108⅛	0	−1⅛	10.11
Ryl. Trustco 10⅛ 90 C$	75	103½	104	0	−1⅛	9.30
Sears Acc. 10⅛ 92 C$	75	†104⅛	104⅝	+0⅛	−0⅞	9.65
Coca-Cola F. 17 90 NS	75	104⅞	105⅛	+1⅛	+1⅛	15.33
Denmark 17½ 89 NS	50	†101⅛	102⅛	+1	+1⅛	16.59
Unilver Cp. 17½ 89 NS	50	99⅞	100⅞	+0½	+0⅞	17.21
Copnhagn. C. 9 95 Ecu	40	112⅛	113	+0⅛	−0½	7.13
EIB 8⅞ 93 Ecu	180	108½	109⅛	+0⅛	−0⅛	6.95
Walt Disney 8⅛ 94 Ecu	63	108⅛	108⅞	+0½	−0⅛	7.29
Honda WW 3⅞ 90 Fl	100	110½	110⅞	+0⅛	+0⅞	1.10
Honda XW 3⅞ 90 Fl	100	92⅞	92⅞	+0⅛	0	6.06
Thyssen 7⅛ 90 Fl	50	102⅞	103⅛	0	+0⅛	6.29
Wereldhave 7½ 90 Fl	75	103⅞	104⅛	−0⅛	−0⅛	6.35
Wessanen 6⅞ 90 Fl	50	101⅛	101⅞	0	+0⅛	6.30
Tathse. Forte 8⅝ 91 FFr	400	100½	101	—	—	8.43
Amev 11 93 £	50	106½	107	−0½	−1	9.57
Australia Com. 11 92 £	40	108⅞	109⅜	+0⅛	−0⅛	9.12
GMAC UK F. 10½ 90 £	30	104	104⅞	−0⅛	−0⅛	9.17
Imp. Ch. Ind. 11⅛ 95 £	100	109⅝	110	0	−0⅛	9.61
Imp. Ch. Ind. 10⅛ 92 £	75	105	105½	+0⅛	−0⅛	9.58
Inv. in Ind. I. 10 93 £	60	102⅞	103⅛	0	−0⅞	9.36
Leeds Bld. S. 10½ 91 £	50	103⅛	103⅝	−0⅛	−0⅞	9.61
McDonalds 10⅞ 90 £	40	105½	106	−0⅛	−0⅛	9.08
MEPC 10⅛ 2003 £	75	*198⅞	99⅞	0	−0⅛	10.33
Nat'nwide BS 10⅛ 93 £	75	102⅛	103½	−0⅛	−0⅞	9.48
NSW Treasy. 10⅛ 92 £	50	104½	105	0	−0⅛	9.80
Royal Ins. 10⅛ 92 £	60	105⅛	105⅞	0	−0⅛	9.42
J. Sainsbury 10⅛ 93 £	60	105⅛	105⅞	−0⅛	−1⅛	9.68
Tathse. Forte 11⅛ 90 £	50	104⅛	104⅝	0	−0⅛	9.74
World Bank 11⅛ 95 £	100	112⅝	113⅛	−0⅛	−0⅞	9.07
COE 8⅞ 95 LFr	600	†104⅞	105⅛	−2⅛	+0½	8.12
N. Lux. Al. 10½ 92 LFr	600	103⅛	104⅛	0	+0⅛	9.66

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn
Anglia Bldg. S. 5 98 £	0⅛	99.83	99.90	14/7	10.44
Barclays Bank Perp. 1	§0⅛	100.18	100.28	2/7	8⅛
Barclays Bank Perp. 2	§0⅛	100.16	100.26	14/8	8⅛
Belgium, Kngdm. of 91	0	100.41	100.51	19/8	8.06
BNP 5⅛ 95	0.05	101.66	101.76	10/7	8.05
Britannia 5 93 £	0⅛	99.84	99.91	8/7	10⅞
CCF 5⅛ 97	0	99.27	99.37	14/5	6.94
Citicorp 5 2005	0⅛	99.17	99.27	28/4	7.73
Credit Lyonnais 5 2000	0⅛	100.42	100.52	10/7	8.06
EEC 3 92 DM	0	99.98	100.06	20/8	4.44
EEC 5 90	0⅛	100.15	100.23	8/7	8.06
EEC 5⅛ 93 Ecu	0.0312	99.84	99.94	30/4	9.91
Ireland 5⅛ 97	0⅛	100.34	100.44	28/8	8⅛
Lloyds Bank Perp.	0⅛	100.25	100.35	9/6	8½
Midland Bk. Perp. 5	0⅛	100.16	100.26	19/6	8⅛
Milk Mkt. Board 5 93 £	0⅛	99.89	99.97	17/8	12.31
NatWest Perp. A	§0⅛	100.23	100.33	9/7	8.31
NatWest Perp. B	§0⅛	100.33	100.43	9/8	8⅛
New Zealand 5 97 £	0.07	99.71	99.81	14/5	12⅞
New Zealand 5 2001	0	100.26	100.36	4/8	8⅛
Prudential Cpn. 4 95 £	0.1	98.71	98.79	5/6	12.35
R. Bk. Scotland 5 Perp.	0⅛	100.09	100.19	11/6	8.44
United Kingdom 5 92	0	100.08	100.15	7/7	8.06
Woodside Fin. 5⅛ 97	0	99.58	99.69	28/7	8.19
Woolwich 5 95 £	0⅛	99.82	99.89	19/5	11.69

Average price changes... On day +0.00 on wk. −0.07

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 3 99	4/84	1053	216½	218⅛	+6⅛	8.54
Comcast 7 2000	12/85	23.87	†123⅛	124⅛	−0½	14.09
Fanuc 3⅛ 98	1/84	7032	249	251	+1½	65.77
Fuji Heavy Inds. 3 2000	8/85	678	115	116	+4	0.47
Fujitsu 3 99	5/84	1320	132⅞	133⅛	+2⅛	20.29
Kumagai Gumi 3½ 2000	3/85	800	†229	231	+7	9.44
Marui 3⅛ 98	7/84	1162	284⅛	286⅛	+5⅛	0.88
Minolta Cm. 2⅛ 94 DM	2/86	1105	104⅛	105⅛	+0½	30.41
Mitsubishi Bank 2⅞ 00	8/85	1768	121	122	+1	−0.18
Mitsubishi Elec. 2⅞ 00	3/85	422	127	128	+0⅛	−2.10
Mitsui Bank 2⅝ 01	4/86	101.9	106½	107½	−0½	−90.34
Murata 3⅛ 2000	7/84	2398	165⅛	166½	+1⅛	18.92
Nippon Elec. 2⅞ 2000	1/85	1298	182⅛	183⅛	−2⅛	87.66
Nippon Oil Co. 3 2000	5/85	923	189⅛	190⅛	+8⅛	2.07
OKI Elec. Ind. 3½ 99	10/84	805	125⅛	126⅛	−0⅛	−3.21
Sanwa Bank 2⅛ 2000	10/85	1486	124⅞	125⅛	−0⅛	−1.81
Sekisui House 3 99	6/84	612	281⅛	283⅛	−0⅛	0.48
Sumitomo Bk. 2⅛ 2000	8/85	2142	124⅞	125⅞	+0⅞	0.44
Sumitomo Cpn. 2⅞ 99	5/84	593	187⅞	189⅛	+0⅛	9.44
Taiyo Yudan 3⅛ 2000	3/85	1078	†149	151	+6	0.73
Tokyo S'yo El. 3½ 99	12/84	772	116⅞	117⅞	+7⅛	10.58
Toshiba Crmcs. 3 2000	4/85	1734	134⅛	135⅛	+7⅛	2.46
Nippon Oil 2⅛ 92 SFr	3/84	1052	†131⅛	132	+3⅛	5.86
Nip. Shinpan 2 92 SFr	3/84	801	†167⅛	168⅛	−2⅛	11.57
Asics 5 92 DM	12/83	520	131⅛	132⅛	+2⅛	8.30
Renown 3⅛ 90 DM	3/85	675	136½	137½	+1⅛	−2.33

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for US dollars. C.cpn=The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

The prices over the past week were supplied by: Kredietbank NV; Credit Commercial de France; Credit Lyonnais; Commerzbank AG; Deutsche Bank AG; Westdeutsche Landesbank Girozentrale; Banque Generale du Luxembourg SA; Banque Internationale Luxembourg; Algemene Bank Nederland NV; Pierson, Heldring and Pierson; Credit Suisse/Swiss Credit Bank; Akroyd and Smithers; Bank of Tokyo International; Chemical Bank International; Chase Manhattan; Citicorp International Bank; Credit Commercial de France (Securities) London; Daiwa Europe NV; EBC Amro Bank; First Chicago; Goldman Sachs International Corporation; Hambros Bank; IBJ International; Kidder Peabody International; LTCB International; Merrill Lynch; Morgan Stanley International; Nikko Securities Co. (Europe); Nomura International; Orion Royal Bank; Robert Fleming and Co.; Samuel Montagu and Co.; Societe Generale Strauss Turnbull; Sumitomo Finance International; S. G. Warburg and Co.; Swiss Bank Corporation International; Wood Gundy.

N. AMERICAN QUARTERLIES

CHAMPION SPARK PLUG
Vehicle parts

First quarter	1986 $	1985 $
Revenue	225.1m	221.6m
Net profits	100,000	5.8m
Net per share	—	0.25

COMPUTERVISION
CAD/CAM equipment

First quarter	1986 $	1985 $
Revenue	112.9m	105.9m
Net loss	7.0m	18.8m
Net per share	0.24	0.66

ELECTRONIC DATA SYSTEMS*
Computer services

First quarter	1986 $	1985 $
Revenue	997.0m	669.1m
Net profits	55.6m	38.0m
Net per share	0.46	0.32

*Subsidiary of General Motors.

FRANK B. HALL
Insurance broker

First quarter	1986 $	1985 $
Revenue	116.1m	102.6m
Net profits	9.1m	2.0m
Net per share	0.47	0.16

INGERSOLL-RAND
Industrial equipment

First quarter	1986 $	1985 $
Revenue	580.3m	531.2m
Net profits	15.9m	14.2m
Net per share	0.74	0.66

KELLOGG
Breakfast cereals

First quarter	1986 $	1985 $
Revenue	798.0m	703.5m
Net profits	78.5m	71.1m
Net per share	0.62	0.58

KNIGHT-RIDDER NEWSPAPERS
Newspapers, media

First quarter	1986 $	1985 $
Revenue	447.3m	421.8m
Net profits	26.6m	28.9m
Net per share	0.46	0.44

MAYTAG
Washing machines

First quarter	1986 $	1985 $
Revenue	195.8m	177.7m
Net profits	22.7m	18.3m
Net per share	0.84	0.67

MCA
Films, leisure

First quarter	1986 $	1985 $
Revenue	513.8m	431.5m
Net profits	30.9m	18.4m
Net per share	0.41	0.25

NEWMONT MINING
Metal producer

First quarter	1986 $	1985 $
Revenue	194.8m	170.6m
Net profits	7.7m	3.4m
Net per share	0.25	0.11

NWA
Parent of Northwest Airlines

First quarter	1986 $	1985 $
Revenue	638.4m	577.2m
Net profits	†16.4m	798,000
Net per share	†0.75	0.04

† Loss

SINGER
Defence, aerospace equipment

First quarter	1986 $	1985 $
Revenue	572.5m	611.0m
Net profits	11.7m	*29.8m
Net per share	0.56	1.59

*Includes $16.9m after-tax gain.

TEXTRON
Aerospace, electronics

First quarter	1986 $	1985 $
Revenue	1.5bn	1.3bn
Net profits	50.4m	60.4m
Net per share	1.23	1.68

WENDY'S INTERNATIONAL
Fast food chains

First quarter	1986 $	1985 $
Revenue	274.7m	236.5m
Net profits	16.0m	14.5m
Net per share	0.17	0.15

INTL. COMPANIES & FINANCE

Bell clears last BHP legal hurdle

BY LACHLAN DRUMMOND IN SYDNEY

BELL RESOURCES, Mr Robert Holmes à Court's energy investment vehicle, has cleared the last legal hurdle preventing it from despatching its partial takeover offer for Broken Hill Proprietary (BHP).

A Victoria Supreme Court judge yesterday removed injunctions which had restrained Bell from sending out its offer, after dismissing BHP claims that the offer documents were invalid and had been improperly registered by the regulatory authorities.

Bell is now expected quickly to agree modifications with the National Companies and Securities Commission in order to update the April 7 documents for despatch.

Bell originally announced its bid would be A$7.70 a share cum dividend — the shares went ex dividend yesterday—but said last week it would consider raising the price.

The BHP share price remained firm to close at A$7.32 yesterday, only 18 cents below the effective ex-dividend price proposed by Bell, but around A$1 above the ruling price before Elders IXL earlier this month stormed into the market for a protective 19 per cent stake in BHP.

The key element in BHP's claims against the Bell offer was the inclusion of a maximum acceptance condition of 260m shares, or 26 per cent of non-Bell shares, compared with the formal pitching of the offer at 50 per cent of each remaining shareholding.

However, Mr Justice Marks ruled that such conditions were valid under existing law and that proposed amendments which would outlaw maximum acceptance conditions assumed their legality under current law.

With the legal challenge defeated, BHP will now square up to defend the offer on the issue of price and future prospects. A further drop in the domestic oil price, announced yesterday, will have an impact on BHP's net profits, which already appear unlikely to meet the 1986-87 target of A$980m ($US$715.7m).

This forecast from BHP was based on 65 US cents to the Australian dollar against yesterday's rate of 74 cents, and on an oil price of US$18 a barrel, some US$6 above the current level. These two discrepancies, if maintained, would reduce earnings by some A$250m from the forecast level.

Setback at Matsushita Electric

BY YOKO SHIBATA IN TOKYO

MATSUSHITA ELECTRIC INDUSTRIAL, the Japanese electronics giant, has suffered the first fall for 11 years in consolidated net profits and sales.

In the first quarter to February 20, net profits on a consolidated basis totalled Y51.5bn ($306.3m), down 19.3 per cent, on sales of Y1,141.9bn, a drop of 8.7 per cent.

The company blamed external economic factors, especially the rapid rise of the yen, for a significantly negative impact on earnings.

Reduced exports of colour television sets to China and depressed demand for electronic components such as semiconductors were also cited as elements in holding back sales.

Sales of video equipment declined 17.2 per cent and those of audio equipment fell 11.8 per cent, although home electric appliances and energy and kitchen-related equipment posted minor gains.

Domestic sales suffered a marginal dip of 1.1 per cent, but overseas sales dropped 16 per cent. First-quarter earnings per share fell Y7.09 to Y28.28.

In coping with the yen's further appreciation, Matsushita considers it necessary to mark up selling prices overseas and transfer production of some lines to South-East Asian countries.

For the year to November 20, Matsushita now forecasts that its consolidated net profits will drop by between 25 per cent and 30 per cent from the previous year, on sales down by about 10 per cent on the assumption that the currency remains at Y165 to Y170 to the dollar.

Straits Times group midway profits decline

By Chris Sherwell in Singapore

SINGAPORE PRESS Holdings, the media company which is one of the island state's biggest industrial groups, has suffered a sharp decline in interim profits despite higher turnover.

Figures for the six months to February showed pre-tax earnings down 19.4 per cent at S$46.5m (US$21.2m) on turnover which rose 6.6 per cent to S$351.5m. After extraordinary items, attributable profit was down 16.6 per cent at S$28.4m, and the directors declared an interim 10 cent dividend.

The group, which has a virtual monopoly of the local print media, blamed its performance on the weakness of the Singapore economy, which had continued to hit advertising.

This has plainly hurt the group's newspaper operations, even though it raised cover prices last year on the Straits Times, the Sunday Times and Business Times, the three English-language newspapers.

The company said it foresaw no improvement in advertising revenue in the second half.

Marubeni to liquidate shipping business

BY CARLA RAPOPORT IN TOKYO

MARUBENI, one of Japan's major trading houses, has decided to liquidate its loss-making shipping subsidiary with a net loss of Y20bn ($119m).

The move follows a similar decision by Nissho Iwai, another trading company, to abandon the shipping business and sell its ships, taking a write-off of Y60bn.

Marubeni's shipping subsidiary, Marubeni Maritime, was established in 1974 and had a total of 73 vessels. Marubeni said it hoped to maintain charter contracts for 18 of the vessels, including bulk carriers now operated by the receivers of Sanko Steamship, the Japanese tanker company which went bankrupt last August.

Citing the continued depression in the shipping business, Marubeni said it expected to completely get out of the shipping business over a period of time.

Meanwhile, Kanematsu Gosho, a third trading company, has denied reports that it is quitting the shipping business. Even so, it is seeking to sell at least one of its vessels.

UK COMPANY NEWS

Inchcape drops to £46m as Asian problems bite

LOSSES in South East Asia and much lower profits from India, together with adverse currency movements, brought about a slump in 1985 profits at Inchcape, the diversified international trader. At the pre-tax level, these came to £46.2m—£32.7m down on last year and well short of analysts' estimates of around £60m.

The decline in profit came in the second half, which made only £10m compared with £42.94m in 1984. Sir David Orr, the chairman, says that the period was affected by a further drop in economic activity in south east Asia and the Middle East, the lower level of business with China, and the costs of dealing with non-performing businesses.

Foreign exchange fluctuations meant an additional shortfall of £10m from the 1984 figures.

The recession in Singapore and Malaysia was especially severe in the second half, when sales for heavy equipment and vehicles for the timber industry were at a standstill. Sir David says that urgent corrective action is in hand but substantial provisions were made for the year ending December 31. The region incurred a £10.3m loss before tax compared with a previous profit of £17.6m.

Indian tea results were reduced by £6.8m to £9.7m due to lower market prices. The chairman says that the favourable effect of significantly lower tax rates will help this business in future, and "it should continue to offer an attractive return."

Total group turnover fell from £2.09bn to £1.83bn, with the largest decreases coming in South East Asia (down £132.2m at £358.4m) and the Far East (down £89.3m at £520.3m). The marked drop in oil-production related activity was reflected in many group businesses.

In the Middle East, port management profits were lower due to the depressed economy and tighter margins. Regional profits fell to £3.4m (£4.3m) on turnover of £12.6m (£21.6m).

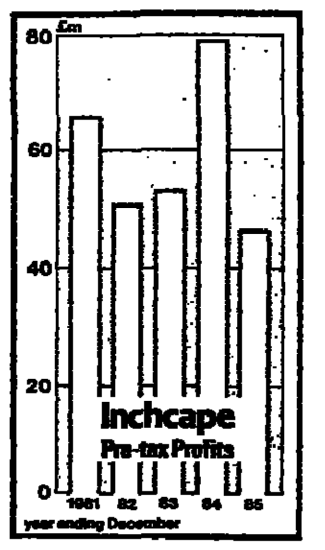
On current prospects overall, the chairman says that some of the unfavourable conditions have continued into 1986, but that the immediate outlook for world trade is more optimistic. "Vigorous action is being taken to restore profitability and the board believes that this will be reflected in results during the current year," he adds.

Despite the profit slump, the dividend is held at 18.15p net with a final of 11p, and the company's shares rose 15p yesterday to close at 358p.

After a tax charge for 1985 of £33.8m (£47.9m) net earnings came to £12.4m (£31m) or 20.4p (29.1p) per share.

Net borrowings at the year end totalled £183m, representing 52 per cent of shareholders' funds (59 per cent in 1984). Sir David says that the financial position gives the group the ability to invest in expansion, "if appropriate by acquisition."

See Lex



Ansbacher and GBL have 21% of Shipley

By David Lascelles, Banking Correspondent

Henry Ansbacher, the UK merchant banking group, and one of its large shareholders, Groupe Bruxelles Lambert, have built up a 21 per cent stake in Brown Shipley, the London accepting house and financial services company.

Speculation about a possible takeover led to a sharp rise in Brown Shipley shares on the London Stock Exchange yesterday. They closed at 595p, up 45p on the day, having reached 600p earlier. The two companies are among the smallest on the UK banking scene.

The directors of Brown Shipley last night made it clear that the acquisition was unwelcome. "The creation of this interest was wholly unsolicited by Brown Shipley and is not welcomed by the directors, who regard the maintenance of complete independence as essential to the continued success of Brown Shipley's business."

The group has appointed Barings Brothers to advise them on the implications of the approach.

Groupe Bruxelles Lambert already owned just 5 per cent of Brown Shipley before the deal. Acting in concert with Ansbacher, they acquired the 16 per cent of Brown Shipley owned by Walter Duncan & Goodricke, parent of the Duncan Lawrie banking group. The transactions was priced at 500p a share, giving it a total value of about £12m.

The stake is owned 5.3 per cent by GBL and 15.5 per cent by Ansbacher.

Ansbacher would not comment on the reasons for the acquisition. However, it is thought likely that the GBL group will be wanting to acquire a controlling interest in Brown Shipley, in line with its policy of building up strategic stakes in various financial institutions. But Brown Shipley has already indicated to GBL that it does not think that a tie-up with Ansbacher would be constructive.

Among other things, control of Brown Shipley by GBL, even if indirectly exercised through Ansbacher, could cost it membership of the Accepting Houses Committee, the City trade group which does not usually admit foreign-owned members.

Last year, GBL and its associated company, Pargesa, mounted a rescue operation for Ansbacher which resulted in their each owning 25 per cent of the company. With its new capital backing, Ansbacher had been expected to take a more aggressive position in the market.

In the nine months ending September 30 1985, Ansbacher made pre-tax profits of £2.74m. Its balance sheet at the end of last year totalled £256m.

In the year ending March 31 1985, Brown Shipley reported net profits of £3.4m, and had shareholders funds of £46.7m. The group has recently taken over Heseltine Moss, the stockbroking firm,

Gomme buy-out given go-ahead

The scheme of arrangement for a £11.9m management buy-out at Gomme Holdings, the furniture manufacturer, has won Court approval. Mr Rodney Hall of 3i, which jointly underwrote the buy-out with the Prudential, said that an institutional placing will now be arranged. Mr Hall added: "This deal has ground new ground for management buy-outs as the first successful offer for a public company not involved in a contested takeover bid.

Utd. Bank of Kuwait

The United Bank of Kuwait, the London bank owned by Kuwaiti banking and state interests, has increased its paid-up capital from £59m to £100m. Mr Christopher Keen, the general manager, said the new capital will be used mainly in the areas of investment banking and the securities markets.

Enlarged Ward White accelerates to £26m

THE FAST expanding Ward White Group pushed its 1985-86 profits up by £11.7m to £26m pre-tax and is on course for further growth in the current year.

Sales so far are runing ahead of those of 1985-86 and the directors, headed by Mr Philip Birch, the chairman, confidently expect another year of good progress for the group.

Turonver for the past 12 months (to Jauary 31) surged from £244.61m to £341.01m—the group, an international retailer based in Northants, takes in Halfords, the car parts and cycle chain, Payless, the DIY retailer, Focus Shoes, Owen Owen, the department store retailer, and Zodiac Toys.

Trading profits improved from £17.41m to £29.61m. Contributions from the UK based operating groups again showed substantial increases.

Hlafords contributed for a full year this time and reported improvements in both turnover and profits. Zodiac and Owen Owen were included for the first time and made useful contributions since their acquisition in the latter part of 1985.

Footwear retailing experienced a difficult year due to adverse weather and also to the continued effect of restructuring. There were improvements by both safety products and footwear manufacturing.

The US offshoots performed well by holding their dollar sales against a generally difficult trading background. Increased trading profits and lower interest charges offset the currency translation effects of the weaker dollar.

Group pre-tax profits included a £1.34m (£2m) share of the related companies, results and were after interest charges of £4.93m (£5.1m).

Tax took £8.61m (£3.41m) to leave earnings at 23.63p (19.28p) per 25p share.

A final dividend of 4.55p (4p) lifts the total from 5.694p to 6.5p net.

Extraordinary items accounted for £3.48m (£7,000). These related to reorganisation, closure and disposal costs: £1.05m related to the lapsed bid for Foster Brothers Clothing.

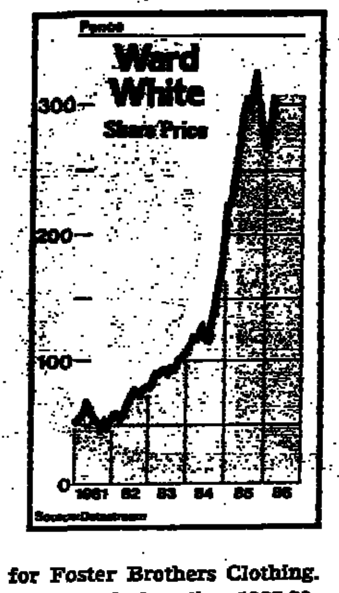
Mr Birch describes 1985-86 as a year of substantial advance for the group. He says Maynards was acquired in October in order to obtain entry into toy retailing. Maynards confectionery business was sold to Trebor for £8.1m and its CTN property interests are being sold for some £4m. Maynards was purchased for £19m.

Owen & Owen was purchased for some £50m and comprises 21 department stores. Mr Birch says a number of these represent important town centre redevelopment opportunities and that these possibilities are being explored.

The Halfords business has continued the major developmen initiated following its acquisition from Burmah Oil, including the extension of the edge-of-town superstore locations which number 18. The directors anticipate that 30 such superstores will be operational by the end of the current year, of which eight will incorporate motor car servicing.

Payless was acquired from Marley last month at a cost of £94m. It operates 65 stores, most of which are out of town. At the time of acquisition Mr Birch said group pre-tax profits for 1985/86 would be not less than £25m.

The figures reported included £3.79m (£742,000) profit on the sale of freehold and long leasehold properties. Previously these were treated as extraordinary items.



• comment

The City has never enjoyed complete confidence in Ward White's scattered approach to retailing acquistions and has duly attached a rating to the company's shares which looks a shade dowdy next to the competition. Taking yesterday's results at face value, that scepticism looks scarcely justified. Ward White has fought through to a 23 per cent increase in earnings per share despite a patchy performance in UK shoe retailing—a problem not entirely of the company's own making — and a mixed contribution from the US. So the more recent acquisitions — Halfords, Zodiac and Owen Owen—would appear to be paying handsome dividends already. The problem is that Ward White provides no meaningful breakdown of where its profits arose. The established businesses apparently showed profits growth of 20 per cent but it is difficult to assess, for example, how much benefit Ward White derived from buying a department store business for shares just ahead of its seasonal trading peak. Without further acquisitions, it is hard to see the group showing much advance in fully diluted earnings this year but the chances of Ward White staying out of the acquisition game look slight, to say the least. So the assumption of pre-tax profits in the £39m area, giving a prospective p/e of around 13 at 306p, looks highly provisional.

WINGATE PROPERTY Investments reports pre-tax profits up from £500,000 to £1m in the year to December 24 1985. Gross rental income was £2.21m (£2.17m). The final dividend is raised from 1.2p to 1.32p net for an increased total of 1.87p (1.7p). Stated earnings per share of this USM company were 7.22p (4.02p).

BBA's £17m expansion in Australia

BBA Group, the fast expanding conveyor belting and friction materials group, is in advanced negotiations to buy, for about A$34m (£17m), the brake and clutch manufacturing business of Repco Corporation, a subsidiary of Ariadne Australia.

It said Repco was the principal supplier of brakes and clutches for the 300,000 cars produced annually in Australia.

The move comes just two months after BBA acquired Automotive Products, the British clutch and brake manufacturer, in an agreed £98m takeover.

BBA said yesterday that the Australian acquisition would complement the products and geographical spread of Automotive Products. The current proposals would add a further A$140m (£70m).

The value of the assets to be acquired is subject to an accountant's report and the purchase price will bep aid in cash. The transaction is subject to Australian government consent.

BBA said it intended to expand Repco's sales in both the domestic and export markets, particularly in the US, where Repco already supplies the brakes for General Motors' Corvette. Repco is currently negotiating a further expansion to its North American business.

Common Bros. board under fire

BY ALICE RAWSTHORN

THE RECENTLY rescued shipping company, Common Brothers, was accused by shareholders at yesterday's AGM of shortchanging trade creditors under the terms of the rescue package and of failing to cut costs after the rescue.

In September, Common Brothers negotiated a capital reconstruction package in which a consortium of banks—the Midland, Hambro, Manufacturers Hanover Trust and PK Christiansen—took a 33 per cent stake in the enlarged share capital of the company, thereby releasing it from its debts.

According to the terms of the package Common Brothers was left with debts of £1m and two principal assets, the Bahamas Cruise Line with two ships and the IRO Frigg drill ship. The other former subsidiaries became related companies and thus Common Brothers was no longer liable for their debts.

"The trade creditors who dealt with these companies dealt with them as part of a PLC," said Mr Noel Hanley, a shareholder in Common Brothers and former president of the related company, Scandinavian Livestock Carriers. "They now find that they are dealing with facades, with cardboard box companies."

According to Mr Kristian Siem, Common Brothers' president, the change in status of the related companies was one of the criteria stipulated by the rescuing banks for the reconstruction package.

Mr Hanley also accused the Common Brothers board of having withdrawn working capital from Scandinavian Livestock Carrier, just before he joined as president. Mr Siem denied this.

The Common Brothers board was also accused of failing to cut costs since the reconstruction of the company. Mr Michael Moriarty, of the stockbrokers Brewin Dolphin, representing one of the company's private shareholders, criticised the board for retaining a London office when the company's activities are concentrated in the US.

Since the reconstruction package was completed Common Brothers' managing director, Mr Simon Hume-Kendall, has resigned. The last member of the founding Common family to be connected with the business, Mr Gilbert Common, has decided not to stand for re-election to the board.

The company's auditors, Arthur Anderson, have also resigned. Rothman Pantall have been appointed in their place.

DIVIDENDS ANNOUNCED

Allebone	1.25	June 10	1.25	1.5	1.5
James Beattie	2.66	—	2.13*	2.66	2.13*
Clayton (Holdings)	5.5	—	6	7	6
Hopkinsons Hldgs	5.5	Aug 4	4.15	7.5	5.35*
Inchape	11	July 2	1	18.15	18.15
Jones Gp	5.5¶	—	6.25	8	8
Lowland Inv int	1.2	—	1*	—	2.8*
Macdonald Martin 'A'	14.5	—	13.5	17.5	16.5
Macdonald Martin 'B'	7.5	—	6.75	8.75	8.25
Micro Business	nil	—	1.25	0.5	1.75
J. Menzies	2.7	—	2.25	4.05	3.38
Pantherella‡	2.2	July 2	2	3.7	3.3
Plasmac‡	nil	—	2	1	3.5
Samuel Props int	2	June 24	1.6	—	5.85
Wadkin	nil	—	1	1	3
Ward White	4.55†	July 4	4	6.5	5.69
Wingate Prop‡	1.32	July 2	1.2	1.87	1.7

Dividends shown in pence per share except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ Irish pence throughout.

NOTICE OF REDEMPTION

To the Holders of

ENTE NAZIONALE IDROCARBURI

E.N.I.

(National Hydrocarbons Authority)

6¾% Sinking Fund Debentures due June 1, 1988

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Sinking Fund for the Debentures of the above-described issue, Morgan Guaranty Trust Company of New York, as Fiscal Agent, has selected by lot for redemption on June 1, 1986 at the principal amount thereof $750,000 principal amount of said Debentures, as follows:

Outstanding Debentures of U.S. $1,000 Each of Prefix "M" Bearing Serial Numbers Ending in the Following Two Digits:

04 10 23 54 73 74 78

Also Debentures of U.S. $1,000 Each of Prefix "M" Bearing the Following Serial Numbers:

4 3182 3882 4482 6182

On June 1, 1986, there will become and be due and payable upon each Debenture the principal amount thereof, in such coin or currency of the United States of America as on said date is legal tender for the payment therein of public and private debts, at the option of the holder, either (a) at the corporate trust office of **Morgan Guaranty Trust Company of New York, 13th Floor, 30 West Broadway, New York, N.Y. 10015**; or (b) subject to any laws and regulations applicable thereto with respect to the payment, currency of payment or otherwise in the country of any of the following offices, at the principal office of Banca Nazionale del Lavoro in Rome or the principal office of Banca Commerciale Italiana in Milan or the main offices of Morgan Guaranty Trust Company of New York in London, Brussels, Paris or Frankfurt or the main office of Algemene Bank Nederland N.V. in Amsterdam or the main office of Kredietbank S.A. Luxembourgeoise in Luxembourg-Ville. Payments at the office of any paying agent outside of the United States will be made by check drawn on, or transfer to a United States dollar account with, a bank in the Borough of Manhattan, City and State of New York. Any payment made by transfer to an account maintained by the payee with a bank in the United States may be subject to reporting to the United States Internal Revenue Service (IRS) and to backup withholding at a rate of 20% if payees not recognized as exempt recipients fail to provide the paying agent with an executed IRS Form W-8, certifying under penalties of perjury that the payee is not a United States person or an executed IRS Form W-9, certifying under penalties of perjury the payee's taxpayer identification number (employer identification number or social security number, as appropriate). Those holders who are required to provide their correct taxpayer identification number on Internal Revenue Service Form W-9 and who fail to do so may also be subject to a penalty of $50. Please therefore provide the appropriate certification when presenting your securities for payment.

Debentures surrendered for redemption should have attached all unmatured coupons appurtenant thereto. Coupons due June 1, 1986 should be detached and collected in the usual manner.

From and after June 1, 1986 interest shall cease to accrue on the Debentures herein designated for redemption.

ENTE NAZIONALE IDROCARBURI

By: MORGAN GUARANTY TRUST COMPANY OF NEW YORK, *Fiscal Agent*

April 29, 1986

NOTICE

The following Debentures previously called for redemption have not yet been presented for payment:

DEBENTURES OF U.S. $1,000 EACH

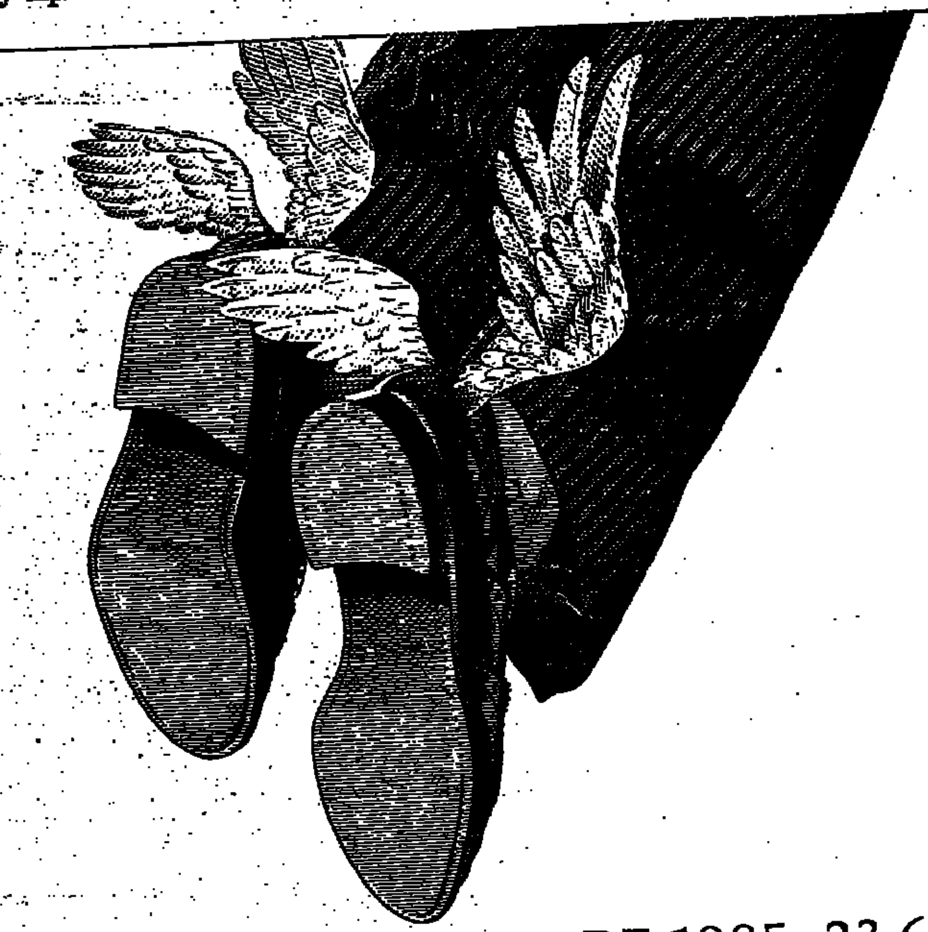
M17370 17831 17832 17841 27891 27892 30001

Granville & Co. Limited

Member of The National Association of Security Dealers and Investment Managers

8 Lovat Lane London EC3R 8BP — Telephone 01-621 1212

High	Low	Company	Price	Change	Gross div.(p)	Yield %	P/E Actual	P/E Fully taxed
146	118	Ass. Brit. Ind. Ord.	131	—	7.3	5.6	8.0	7.5
151	121	Ass. Brit. Ind. CULS	136	—	10.0	7.4	—	—
75	43	Airsprung Group	72	+1	6.4	8.9	12.0	15.7
46	29	Armitage and Rhodes	29	—	4.3	14.8	3.6	4.3
177	168	Bardon Hill	170	—	4.0	2.4	21.5	22.4
64	42	Bray Technologies	62xd	+1	4.3	6.9	7.4	6.7
201	136	CCL Ordinary	138	—	12.0	8.8	3.3	3.2
152	97	CCL 11pc Conv. Pf.	97	—	15.7	16.2	—	—
150	90	Carborundum Ord.	138xd	−6	9.1	6.6	6.7	6.8
94	83	Carborundum 7.5pc Pf.	91	—	10.7	11.8	—	—
65	46	Deborah Services	55	—	7.0	12.7	5.7	7.6
32	20	Frederick Parker Group	23	—	—	—	—	—
112	50	George Blair	110	—	—	—	4.6	8.1
69	20	Ind. Precision Castings	58	—	3.0	5.2	15.3	12.8
218	154	Isis Group	154	—	15.0	9.7	11.8	17.7
122	101	Jackson Group	120	—	5.5	4.6	8.1	8.1
345	228	James Burrough	330	—	15.0	4.5	10.4	10.4
98	85	James Burrough 9pc Pf.	98	+1	12.9	13.2	—	—
95	56	John Howard and Co.	56	—	5.0	8.9	—	—
1385	570	Minihouse Holding NV	1385	+5	8.7	0.6	45.8	54.3
82	32	Robert Jenkins	68	—	—	—	8.8	19.4
34	28	Scruttons "A"	30	—	—	—	—	7.7
87	65	Torday and Carlisle	69	—	5.0	7.2	3.5	6.3
370	320	Travian Holdings	330	—	7.9	2.5	6.7	8.8
53	25	Unilock Holdings	53	+1	2.1	4.0	14.4	14.1
175	93	Walter Alexander	174	—	8.6	4.9	9.8	12.0
226	195	W. S. Yeates	199	—	17.4	8.7	5.7	9.8



EARNINGS PER SHARE 1985: 23.63p

In the last year our pre-tax profit has grown to £26 million. (Up by no less than 82%.)

Our earnings per share has grown to 23.63p. (Up by no less than 23%.)

And our dividend has grown to 6.5p. (Up by no less than 14%.)

Indeed, you could say we're a company on the up and up and up.

So what's our secret?

(After all, little more than five years ago we were a small Northamptonshire shoemaker.)

Is it clear strategic thinking? Or management expertise? Or just good fortune?

In our view, it's a combination of all three.

Around five years ago we formed a clearly defined strategy.

One which would take us out of a heavy dependence on manufacturing and into retailing.

Since then our management has developed, has taken opportunities and has consistently shown its ability to transform businesses.

IS THERE A SECRET BEHIND OUR MANAGEMENT'S SUCCESS?

At the same time, of course, we were fortunate in moving into retailing during a period of rapid growth on both sides of the Atlantic.

But what of the future?

Here's what our Chairman and Managing Director, Philip Birch, says in our results announcement.

"1985 has proved to be a year of exciting expansion for the Group both from existing and new businesses.

The joint development of our retail acquisitions and, in particular, the Payless DIY business, illustrates that the pace of expansion is being continued.

A good start has been made to the current year with sales running ahead of the previous year and I confidently expect another year of good progress for the Group."

As he says, throughout the business there is scope for organic growth.

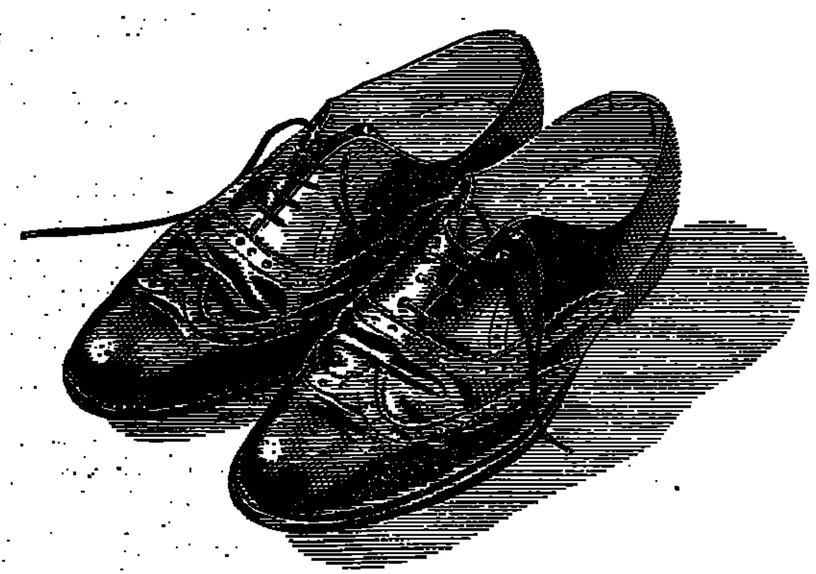
Halfords, Payless DIY, Owen Owen and Zodiac all have tremendous potential.

And we're confident that they will realise it.

Because even if there isn't a special secret behind our management's success, there is something else.

An increasingly successful track record.

EARNINGS PER SHARE 1981: 7.60p



WARD WHITE

UK COMPANY NEWS

Charles Batchelor looks at the increasing trend towards US involvement in Britain's take-over battles

The Americans who are not staying at home

WITHIN 48 hours of **Dixons**, the electrical retailer, announcing its £1.6bn takeover bid for **Woolworths Holdings**, a three-man team of mergers and acquisitions specialists from Goldman Sachs, Wall Street's largest private investment bank, had landed in London.

The next mornig, a Saturday, the new arrivals, led by the head of the bank's US mergers team, joined up with their eight London-based specialists to start a weekend's intensive work on the Woolworth defence.

Mr Geoff Mulcahy, Woolworth's chief executive and the man who took the decision to bring in the Americans, admits to being amazed by the speed and force of the Goldman response.

Increasingly, when the blue-chip names of the British merchant banking world scramble their corporate finance crews in help fight a bid battle, they find they are working alongside equally determined teams from the likes of Goldman, First Boston and Citicorp.

Though the British merchant bankers are loath to admit that the Americans pose a threat to their lucrative and high-profile mergers work, if the US invasion continues it seems bound to take business from the London banks.

The US presence may also mean that bid battles are increasingly fought along more American lines.

Privately, some British bankers will admit to unease at the arrival of these powerful US bankers, with their global networks of contacts and funds. Many feel, however, that in the UK the Americans lack the contacts and the expertise to make a real impression for another few years.

The US banks are frequently thought of as primarily acting to find American "white knights" to launch a friendly counter-bid—Goldman found Mr Alfred Taubman, the multi-millionaire art collector, to buy Sotheby's—but their role is becoming far broader. Goldman, apart from helping defend Woolworth, is also assisting Standard Chartered Bank in its battle against a £1.17bn takeover bid from Lloyds Bank.

But its involvement in the UK bid scene goes back further than that. In the past four years it has helped defend Thomas Tilling, Sotheby's, Debenhams and Imperial Group against unwanted bids.

It tends to concentrate on bid defences. Historically Goldman has advised companies disposing of assets, usually in agreed deals. In 1985 the London team completed 27 transactions, most of them non-contested. Revenues from mergers work trebled (from a low base) last year and are expected to double again in 1986.

In the Woolworth defence, N. M. Rothschild is credited with the leadership of the defence team, but the sheer amount of work involved in preparing the formal bid documents has meant, according to Woolworth, that Goldman has taken on the role of "thinking originally and developing overall strategy." Charterhouse Japhet, meanwhile is maintaining close links with shareholders.

"We bring an added dimension to the defence," said Mr John Thornton, who, at 32, heads Goldman's London-based mergers team. "Our particular expertise is in valuing a target company and letting the management know the alternatives to the bid."

The most dramatic example of this technique, according to Mr Thornton, occurred at Dunlop, the ailing tyre and rubber products group which attempted to fight off a takeover bid from BTR, Sir Owen Green's aggressive industrial conglomerate, in early 1985.

Goldman suggested the sale of Dunlop's US subsidiary to its management as a way of demonstrating the intrinsic value of the battered Dunlop group as a whole. The knowledge that the management of Dunlop in the US was prepared to pay £140m for its company persuaded BTR to more than double the value of its bid to a level its board, headed by Sir Michael Edwardes, could recommend to shareholders.

The skill in evaluating companies lies in deciding which would be the most profitable means of sale — to the management, backed by institutions; to another company; or by means of a public stock market flotation.

At Imperial Group, which Goldman helped defend against Hanson Trust, the US bank suggested that the brewing and leisure operations would get top value from a flotation; the tobacco business should be sold to its management; and the food side should be sold to a third party. In the event, Imperial attempted, unsuccessfully, to merge with United Biscuits.

Converting fixed assets such as property into marketable securities is another method of increasing a company's value, Mr Thornton believes. The securitisation of assets is further advanced in the US than the UK but it could form a possible bid defence for companies with large property portfolios, including retail groups like Woolworths.

"Theoretically there are many more opportunities in a bid defence, though the London market has not yet accepted them all," said Mr Peter Sachs, a mergers partner with Goldman in New York.

The Goldman team are convinced the traditional UK bid defence is dead. "Making a profit forecast, raising your dividend and revaluing your assets may only assist the corporate predator to underwrite his offer," said Mr Robert Agostinelli, number two on the London team.

While Goldman believes it can apply its US expertise to British takeover bids, it acknowledges that there are major differences between the two countries.

The 60-day bid clock which starts ticking in the UK once the formal offer document is sent allows defenders to present their arguments to investors. The faster pace of takeover bids in the US allows little time for thought, said Mr Sachs.

What is the future for British takeover tactics? Mr Sachs is clear:

"We live in an economic jungle in New York and the bounds of that jungle have now come to London. Institutions are under pressure to perform so they can't afford to miss the premium bid."

The question British merchant banks will be asking themselves is: Will a move towards US-style takeover battles inevitably lead to a still greater role for the US investment banks?

Dixons launches an attack on bid target Woolworth

BY CHARLES BATCHELOR

Dixons, the electrical retailer which is bidding £1.53bn for Woolworth Holdings, the High Street variety store company, yesterday launched a detailed attack on its target's performance and outlined plans for changes it would make.

Mr Stanley Kalms, Dixons' chairman, said in his formal offer document that Woolworth had failed to take advantage of its 10m sq ft of selling space and had missed out on the transformation of the High Street in the 1980s.

Mr Geoff Mulcahy, Woolworth chief executive, responded that the value of the bid was derisory and said that "its so-called retail plans are so vague and lightweight that they represent little more than an uninspired gamble."

The management of Woolworth's High Street stores, now well into its fourth year, had failed to recruit a chief executive with the right retail skill and had not developed a successful retailing formula, Mr Kalms said.

"Basic retailing principles have not been implemented. Many prime sites have been abandoned," he said.

Dixons listed 53 former Woolworth stores which had been taken over by other leading retailing groups in the past four years including Boots, Burton Group, Habitat Mothercare and Marks and Spencer. Dixons and Currys had taken over 14 stores.

Mr Kalms said Woolworth's sales and profits per square foot were among the lowest of any major High Street multiple. Dixons estimated Woolworth profit per square foot at £8 in 1985-86 compared with £44 at Dixons in 1984-85 on sales of £127 compared with Dixons' £552.

Dixons forecast it would pay a dividend of 3p net per share for the year ending April 1986, twice the level of the year before.

It said it had drawn up detailed plans to expand the Woolworth range of items such as records and small appliances and to present them in a way which would increase sales.

"It is all about detail rather than grand design," Mr Kalms said. "We only have to get one store right to get the rest right. We can achieve a lot from day one without spending a lot of money. We can fill the space in Woolworth's stores very comfortably."

Dixons pointed to its record in improving the performance of Currys, acquired at the beginning of 1985. Currys's sales rose 28 per cent in the six months ended last November.

Dixons shares closed yesterday 2p higher at 354p while Woolworth's shares were unchanged at 840p.

MBS shows downturn into losses of £3.4m

AS EXPECTED, Micro Business Systems reported a plunge into losses of £3.41m in 1985 against profits of £3.4m last time. Strong competition in the microcomputer and distribution divisions is blamed, with £3m of provisions and write-offs.

The rest of the group, mainly maintenance, systems supplies and training, made profits during the year and the chairman, Mr Clive Richards, says that in the present year the group is trading profitably at the pre-interest level.

He adds that assuming the interest saving which should result from the already-announced two-for-five rights issue and the plans to sell Technirent for £3.5m, the group would return to making pre-tax profits.

Turnover increased from £42.94m to £60.79m and the loss per 5p share came out at 8.2p against earnings last time of 6.4p. The final payment is passed making a total 0.5p (1.75p) for the year.

• comment

Micro Business Systems' losses were worse than its February statement had suggested but there were few gasps of horror yesterday: after all, the new management took over at the end of the year and will have wanted to start the current one with as clean a sheet as possible. To turn over £62m and still make a loss is an impressive feat and suggests that there is significant scope for recovery through efficiency improvements alone. Rationalisation measures are already well in-hand the the cut in interest charges which will follow the placing should enable the group to produce modest profits by the year-end, but at yesterday's close of 65p the shares are looking more to 1987 and beyond. If the reconstruction works out and MBS has read the market for third-party distribution of IBM systems right the rewards could be high—but as with most recovery stocks, so are the risks.

SUN ALLIANCE INSURANCE GROUP

Comments by the Chairman – H. U. A. Lambert

Summary of Results — 1985

	Sun Alliance and Phoenix 1985 £m	Sun Alliance 1984 £m
Premium income		
General insurance	1,778.5	1,606.7
Long-term insurance	576.6	505.1
	2,355.1	2,111.8
Profit and loss account		
General insurance underwriting loss	(183.4)	(198.7)
Long-term insurance profits	20.9	18.4
Investment and other income	200.2	227.9
Group profit before taxation	37.7	47.6
Taxation and minority interests	10.0	10.6
Group net profit for year	27.7	37.0
Adjustment to exclude net loss incurred by Phoenix prior to acquisition	—	4.0
Profit attributable to shareholders	27.7	41.0
Dividend	34.5	30.6
Retained profits transfer	(6.8)	10.4
Earnings per share	14.0p	20.8p
Dividend per share	17.5p	15.5p

Territorial analysis

General insurance	1985 Premium income £m	1985 Underwriting result £m	1984 Premium income £m	1984 Underwriting result £m
United Kingdom and Ireland	817.9	(69.9)	669.3	(83.2)
Europe	199.1	(30.8)	184.5	(11.5)
U.S.A. (note 1)	180.2	(18.0)	272.1	(35.0)
Canada	92.8	(17.8)	105.1	(16.2)
Australia (note 2)	66.5	(16.7)	53.6	(6.7)
Other overseas areas	120.8	(11.7)	141.0	(17.0)
Reinsurance	29.2	(14.8)	36.9	(22.0)
Marine and Aviation (worldwide)	153.0	(3.7)	144.2	(7.1)
	1,659.5	(183.4)	1,606.7	(198.7)
Reinsurance from Chubb Corporation (note 3)	119.0	—	—	—
	1,778.5	(183.4)	1,606.7	(198.7)

Long-term insurance	1985 Premium income £m	1985 Shareholders' profits £m	1984 Premium income £m	1984 Shareholders' profits £m
United Kingdom	405.7	19.3	360.0	16.7
Europe	136.3	1.1	114.4	1.2
Australia	22.5	0.1	16.8	0.2
Other overseas areas	12.1	0.4	13.9	0.3
	576.6	20.9	505.1	18.4

Notes:—
1. The U.S.A. figures for 1984 include the Phoenix's Continental pool business which was terminated on 1st January, 1985.
2. The 1985 results for Australia include the business of Phoenix Prudential (formerly an associated company) which became a wholly owned subsidiary with effect from 1st January, 1985.
3. Relating to anticipated future claims in respect of discontinued U.S. medical malpractice business.

A year ago my predecessor, in his final statement to shareholders, spoke of the first chinks of light to be seen at the end of the gloomy tunnel of unsatisfactory underwriting results which have oppressed the insurance industry for so long. I am glad to report that in several sectors of the market there are some encouraging signs of hardening rates leading to the prospect of improved profits for the Group. 1985 has, however, been another very difficult year in which some hopes have been deferred, and when considerable time and effort have been deployed in absorbing the Phoenix. In many respects integration has gone faster than we had anticipated; and although much remains to be done, the new management structure and organisation is in place, and operating well. There have been costs to be borne, both human and financial. An early retirement scheme has helped; but there have inevitably had to be redundancies if the benefits of rationalisation were to be gathered. Quite a few of our staff have had to move as a result of the reorganisation, and it is right to pay tribute to the loyal way in which they have accepted much inconvenience. The whole of the integration expenses, whether already incurred or anticipated, have been charged against the revaluation reserve.

At home, 1985 began with a spell of exceptionally cold weather which led to heavy claims in the personal sector account. There was a time when these misfortunes seemed to occur irregularly, even infrequently. The climatic pattern now appears to produce severe weather in most years, and in 1986 the coldest February for many years has followed the recent trend.

The Group is now one of the largest private motor insurers in the U.K. Unhappily, 1985 saw sharp increases in the frequency and cost of claims; there have been rate increases but there is no doubt that more are necessary.

It is satisfactory to record that the ending in mid-year of the Fire Tariff came in a strengthening market, which was greatly helped by the growing difficulty and cost of obtaining reinsurance.

Abroad, conditions were even more troubled with severe losses in the U.S., Canada, Australia and Holland. In the United States residual problems in the field of medical malpractice called for drastic action by Chubbs and, at the end of the year, as our accounts show, we wrote a special excess-of-loss reinsurance policy for them and provided for our own share of these losses from the past by means of a charge to reserves.

This form of liability insurance has, as a result of the ever more onerous awards made in the Courts, become so expensive that many professional people can no longer afford the necessary cover. The consequences of this trend would be less unsatisfactory if the payments made went to the relief of the persons suffering loss and did not to an unacceptable degree – in the United States at least – finish in the pockets of lawyers.

The result of these activities produced an underwriting loss of £183 million, which is marginally less than in 1984, and our investment income, which had to bear the financing burden of acquiring the Phoenix, as well as less favourable currency movements, fell to £200 million. In consequence the profit before tax is down from £47.6 million to £37.7 million, but this overall figure conceals the true measure of recovery from an exceptionally bad first quarter, and present trends give us some confidence that the bottom of the current cycle may have passed.

The Sun Alliance and Phoenix life operations were remarkably complementary. Integrating them has presented us with some problems, but also with considerable opportunities, and we are now well placed to face the future. Meanwhile our life profits show pleasing growth and, at £20.9 million before tax, are making a solid contribution.

We welcome the provisions of the Financial Services Bill to protect the investor in life assurance and unit trusts and I am glad to say that most life companies have supported the voluntary industry agreement on commission. The legislation will necessarily make the life assurance world a different place. The Government would be wise to ignore some of those who are advocating yet further controls, some of which sound like regulation for its own sake.

Dividend

In the past two or three years we have adopted sterner underwriting policies, which take time to bear fruit. Now with a more sober and realistic tone in many of our markets, we can feel hopeful that the exceptionally severe losses of recent times may abate and that only large scale catastrophes can prevent better trading results.

Through all the hard years of grievous underwriting losses our investment activities have consistently built up the Group's strength. In the past year most of the world's markets have been healthy and our overall position has never been more sound. In the coming years we shall begin to reap the benefits of the Phoenix acquisition, and we look forward with confidence.

Your Board has accordingly resolved to declare a dividend of 17.5p per share compared with 15.5p paid last year. Our dividend has been increased in real terms in each year since 1977. An interim dividend of 5.75p was paid in January and the final dividend of 11.75p will be paid on 7th July.

Conclusion

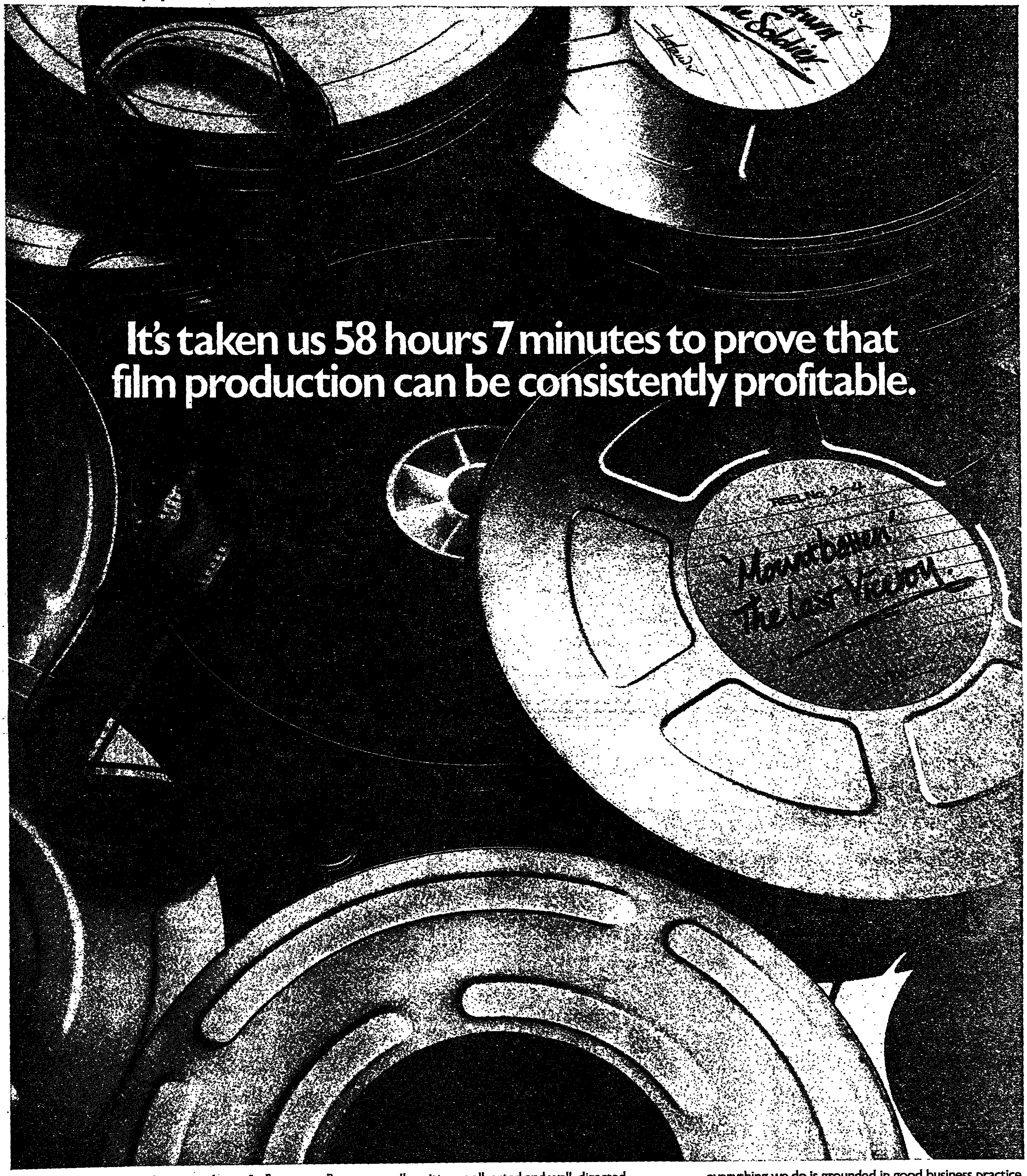
For a decade of inflation, and of indiscipline and over-capacity in the markets, the world's insurance industry has endured a severe buffeting which has proved fatal to some companies and seriously weakened others. Where all have suffered few have had the soundness and resilience to emerge stronger both absolutely and relatively. The Sun Alliance Group is foremost among them.

The Annual General Meeting of Sun Alliance and London Insurance plc will be held at 12.30 p.m. on 21st May, 1986 at the Head Office, Bartholomew Lane, London EC2.

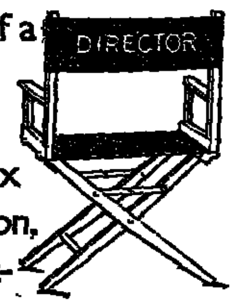
BASE LENDING RATES

Bank	Rate
ABN Bank	10½%
Allied Dunbar & Co	10½%
Allied Irish Bank	10½%
American Express Bk.	10½%
Amro Bank	10½%
Henry Ansbacher	10½%
Associates Cap Corp.	11 %
Banco de Bilbao	10½%
Bank Hapoalim	10½%
Bank Leumi (UK)	10½%
Bank Credit & Comm.	10½%
Bank of Cyprus	10½%
Bank of Ireland	10½%
Bank of India	10½%
Bank of Scotland	10½%
Banque Belge Ltd	10½%
Barclays Bank	10½%
Beneficial Trust Ltd	12 %
Brit Bank of Mid East	10½%
■ Brown Shipley	10½%
CL Bank Nederland	10½%
Canada Permanent	10½%
Cayzer Ltd	10½%
Cedar Holdings	11 %
■ Charterhouse Japhet	10½%
Citibank NA	10½%
Citibank Savings	¶10.75%
City Merchants Bank	10½%
Clydesdale Bank	10½%
C. E. Coates & Co Ltd	11 %
Comm Bk N East	10½%
Consolidated Credits	11½%
Continental Trust Ltd	10½%
Co-operative Bank	*10½%
The Cyprus Popular Bk	10½%
Duncan Lawrie	10½%
E. T. Trust	11 %
Exeter Trust Ltd	11 %
Financial & Gen Sec	10½%
First Nat Fin Corp	12½%
First Nat Sec Ltd	12½%
■ Robert Fleming & Co	10½%
Robert Fraser & Ptrs	11½%
Grindlays Bank	‡10½%
■ Guinness Mahon	10½%
■ Hambros Bank	10½%
Heritable & Gen Trust	10½%
■ Hill Samuel	§10½%
C. Hoare & Co	†10½%
Hongkong & Shanghai	10½%
Johnson Matthey	10½%
Knowsley & Co Ltd	11 %
Lloyds Bank	10½%
Edward Manson & Co	11½%
Meghraj & Sons Ltd	10½%
Midland Bank	10½%
■ Morgan Grenfell	10½%
Mount Credit Corp Ltd	10½%
National Bk of Kuwait	10½%
National Girobank	10½%
National Westminster	10½%
Northern Bank Ltd	10½%
Norwich Gen Trust	10½%
PK Finans Intnl (UK)	11 %
Provincial Trust Ltd	12½%
R. Raphael & Sons	10½%
Roxburgh Guarantee	11 %
Royal Bank of Scotland	10½%
Royal Trust Co Canada	10½%
Standard Chartered	10½%
Trustee Savings Bank	10½%
United Bank of Kuwait	10½%
United Mizrahi Bank	10½%
Westpac Banking Corp	10½%
Whiteaway Laidlaw	11 %
Yorkshire Bank	10½%

■ Members of the Accepting Houses Committee.
* 7-day deposits 6.38%. 1-month 6.88%. Top Tier—£2,500+ at 3 months notice 9.72%. At call when £10,000+ remains deposited.
† Call deposits £1,000 and over 6¾% gross.
§ Mortgage base rate.
‡ Demand dep. 6.35%. Mortgage 12.25%.



It's taken us 58 hours 7 minutes to prove that film production can be consistently profitable.



Film production has something of a reputation for unreliability.

Don't ask us why.

In eight years, we've completed six feature films and over fifty hours of television, and in that time each and every production has made a profit.

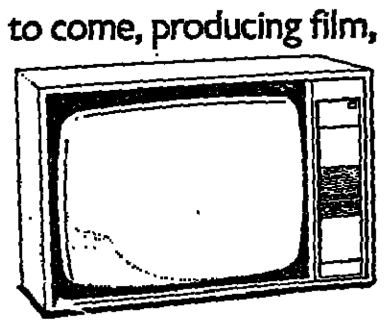
There are two main reasons for this.

Like many film and television productions, ours are well-written, well-acted and well-directed.

Unlike most, ours are also well-planned, well-marketed, pre-sold and well-distributed, and it is this which has won us large and lucrative audiences not only in this country, but around the world.

In other words, the success of our film, television and video division, as with all our leisure operations, stems from the fact that we take our pleasures seriously: we do everything from pre-production to distribution, and everything we do is grounded in good business practice.

Given this, and given new areas of opportunity such as satellite and cable communication, we plan to stay in business for many hours to come, producing film, video and TV entertainments of all kinds.



Except one.

We won't be making any disaster movies.

THE BRENT WALKER GROUP

WORKING FOR PLEASURE

UK COMPANY NEWS

Duport in 'amicable talks' with Williams

BY MARTIN DICKSON

Williams Holdings, the acquisitive industrial holding company which failed in February with a bid for engineers McKenchnie Brothers, is now in talks with **Duport**, the plastics and metal-forming group, which might lead to it bidding for Duport.

The news yesterday produced a substantial rise in Duport's share price, which closed at 131p, up 16p on the day. At that level the company has a marked capitalisation of £71m. Williams closed at 680p, up 5p on the day.

Duport, which used to be predominantly a steel manufacturer, ran into serious difficulties in 1981 and was saved from collapse by a major capital restructuring and the sale of much of its steel business to the British Steel Corporation.

Since then it has moved away from its traditional engineering roots into plastics, which now dominate the group. Its Swish curtain rail subsidiary is the UK leader, with some 42 per cent of the market.

It recently estimated its pre-tax profits in the year to last January would be not less than £5.3m, with earnings per share of not less than 7.5p.

Williams Holdings has been built up in just four years by Mr Nigel Rudd, its chairman, and Mr Brian McGowan, managing director, into one of a handful of fashionable, fast-expanding engineering companies with a strong City following. Last year it produced pre-tax profits up 55 per cent at £6.35m.

It failed in an ambitious £150m bid for the much larger McKecknie when it made continuation of its bid dependent on McKecknie shareholders rejecting their company's bid for Newman Tonks. The Tonks bid was voted through, but ultimately failed. Only four weeks ago Williams agreed to pay £22m for Pearson's Fairey Engineering subsidiary.

Mr Rudd said yesterday that Williams and Duport were holding "amicable" discussions, and much would depend on whether their financial advisers could come up with an acceptable price.

He believed the companies would be an extremely good fit. Williams' Rawlplug subsidiary would go well with Swish, while the two had forges which could share business well.

Hawker in £40m battery deal

BY NICK GARNETT

Hawker Siddeley, the electrical and mechanical engineering group, is extending its battery manufacturing business with the agreed purchase of **Power Conversion**, a US maker of lithium batteries, for £39m ($59.7m).

The purchase, which is being recommended by the board of the New Jersey-based company to its shareholders, involves Hawker Siddeley paying $15 per share in cash.

Power Conversion employs 600 at factories in New Jersey and Puerto Rico, and made a pre-tax profit of £1.75m ($2.7m) last year on sales of £14.2m ($21.9m).

Hawker Siddeley's Crompton Vidor company in South Shields has made lithium batteries under licence from Power Conversion for six years. Its other battery companies include Oldham, Tungstone and Crompton (a separate company to Crompton Vidor).

Main markets for these three companies are the automotive and traction industries, including railway engines and fork-lift trucks while output from Crompton Vidor goes mainly into defence for applications like telecommunications, industrial, marine and consumer industries.

Hawker Siddeley said yesterday that to exploit the opportunities for lithium batteries in defence, commercial and retail applications, Power Conversion would benefit from a broader management structure and additional finance and marketing expertise.

The group is clearly looking to the long term potential of lithium batteries. Sales of these have grown much faster in the US than Europe, but Hawker does not manufacture them at the moment except at South Shields.

Power Conversion's sales grew during the past five years at a compound annual rate of 37 per cent and pre-tax profits at 41 per cent. Some 70 per cent of Power Conversion's sales last year were to the US Army for use in digital communications equipment, mine detectors and night vision equipment.

Hawker Siddeley is expecting that the lithium battery, which is lightweight, has high energy density and long shelf life—but is expensive—will be taken up shortly by the US Navy and Air Force.

It also signalled yesterday that it wanted to push Power Conversion's products deeper into commercial markets, particularly in electronic memory back up which includes applications like computers, telephone exchanges and washing machines.

Receivers in at Peters Stores

Joint receivers have been appointed to Peters Stores, the loss-making retailing and property group.

Mr Nick Lyle and Mr Ian Turner, of chartered accountants Grant Thornton, say they intend to continue the group's retail trade activities in the Keen Jeans outlets.

Furthermore, the Isaac Walton department store in Newcastle will continue trading normally with a view to the sale of the business as a going concern.

The two men were appointed joint receivers and managers by Barclays Bank.

Dealings in the company's shares were suspended last week pending clarification of its financial position. Peters said at the time that it was in discussions with its bankers with regard to its financial situation.

Last November, faced with losses of £1.9m pre-tax for the year ended June 1985, Peters said it had decided to sell most of its 40 shops and become a property company.

Demerger fails in £170m bid for Extel

By Charles Batchelor

Demerger Corporation yesterday failed to win control of Extel, the financial and sporting information group. Demerger's innovative £170m takeover bid won the backing of only 33.51 per cent of Extel's shareholders, well below the 90 per cent needed.

Despite Extel's success, the company remains on the defensive facing the prospect that Mr Robert Maxwell, chairman of British Printing and Communication Corporation, may make a bid of his own.

Further market purchases of Extel's shares last week took Mr Maxwell's holding to 5.61m shares or 13.21 per cent of its equity, the company announced yesterday.

Extel is continuing its attempts before the takeover panel to establish that Mr Maxwell had been acting in concert with Demerger. If Mr Maxwell was in concert, he would be barred from bidding again for 12 months.

Mr Michael Rhodes, Demerger chairman, yesterday blamed the failure of the bid on purchases of Extel shares by its advisers, Kleinwort Benson, at above the 400p level of the cash alternative. He also blamed "an inspired upward revision" of analysts' profit projections for Extel.

Kleinwort countered that it had bought only 660,000 shares and some of these had been acquired at less than 400p.

Mr Peter Early, managing director of Infincorp, Earl, Demergers' advisers, said the bid for Extel had proved that on a technical level a bid aimed at breaking up the target company into its component parts was possible.

The offer had obtained all the necessary clearances from the Inland Revenue and the other regulatory authorities. "The demerger principle has been established and could be applied to other companies."

Mr Alan Brooker, Extel's chairman, said: "We are obviously delighted and hope this will be the end of this vexatious affair. Apart from shareholders with ulterior motives such as Mr Maxwell and MIM (the fund management group) we had overwhelming support from our shareholders."

Extel's shares rose 2p to 398p yesterday.

ICI in 1985

Shaping an ambitious future.

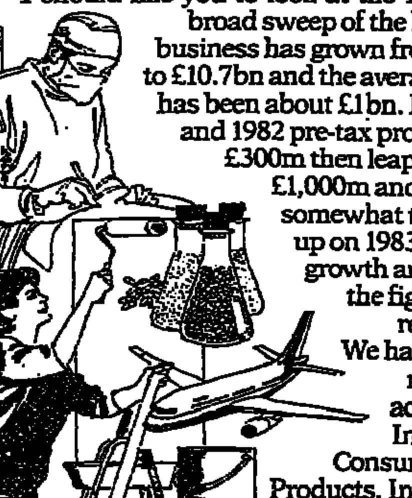
Speaking at the Annual General Meeting on 28th April 1986, Sir John Harvey-Jones, Chairman of ICI, said:

This is a special meeting for me because it gives me a formal opportunity to introduce my successor. Denys Henderson, who succeeds me on 1st April 1987, will be the 11th, and youngest ever, Chairman of ICI which is eloquent tribute to his abilities and stature.

ICI was formed on the 7th of December 1926. Looking back over those sixty years, we see major changes. It is a great tribute to generations of ICI people that your Company is still growing and shaping an ambitious future for itself in the markets of the world.

Growing Resurgent Business

I should like you to look at the 1985 results in the broad sweep of the last five years. The business has grown from sales of £6.6bn to £10.7bn and the average annual growth has been about £1bn. For two years 1981 and 1982 pre-tax profits stayed around £300m then leapt to £600m then to £1,000m and last year fell back somewhat to £912m, still 47% up on 1983. These figures for growth and profitability are the figures of a growing, resurgent business.

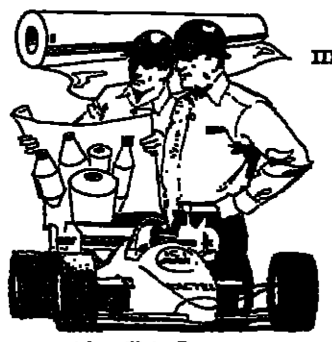


CONSUMER AND SPECIALITY PRODUCTS

We have re-arranged our reporting of Group activities under four Industry Segments: Consumer and Speciality Products, Industrial Products, Agriculture, and Oil and Gas, placing the emphasis on the different markets we serve and better describing the changing shape of our business.

The highlight of 1985 was the performance of the Consumer and Speciality Products segment, which increased its trading profit by £71m. Particularly noteworthy were further growth in pharmaceuticals and an encouraging first contribution by the businesses acquired from Beatrice Companies Inc. The acquisition of the Beatrice chemical businesses was a key business decision intended to contribute both to increasing our portfolio of high added-value products and accelerating our expansion in the USA.

As far as the overall check in profits in 1985 is concerned there were several contributory factors. First, the European heavy chemical businesses increased sales but were unable to sustain their 1984 profit performance because of pressures on margins. Trading profits in the Industrial Products segment fell back by £64m – still well up on 1983. Second, oil production from Ninian continues to decline and oil taxation has now increased from 60% to 65%. Overall, the oil factor reduced trading profits by about £50m. Third, 1985 was an exceedingly difficult year for world agricultural activity. Notwithstanding these difficult conditions and in spite of start-up costs with its new plant breeding business, agrochemicals not only increased its sales turnover by 13% but held its profits level. Although fertilizers increased sales turnover by 7%, trading profit fell by £37m. Finally, the effects of currency fluctuation and volatility were less favourable compared with 1984.



INDUSTRIAL PRODUCTS

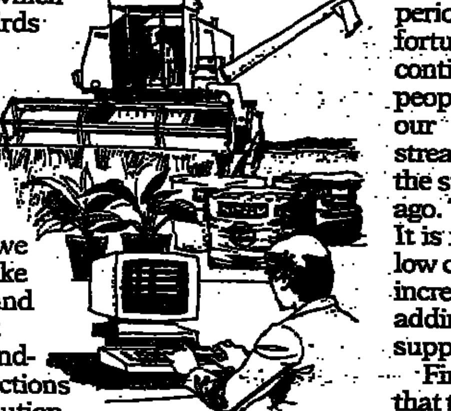
Results for the first quarter of 1986 show that businesses which did well in 1985 are continuing to do well and there has been welcome improvement in fibres, colours and a very strong performance in polyurethanes. However the oil business has been hit by the fall in crude oil prices and problems in fertilizers and related products have intensified. The net result is that Group sales were somewhat down and profits somewhat up compared with the fourth quarter of 1985.

The ICI Group's relatively small oil interests are experiencing difficult trading conditions at present prices, but for the whole Group there is likely to be advantage – if the oil price stays down and as the benefits of reduced feedstock costs and increased economic activity come through.

Evolution of Strategy

We must go where the markets are and a major strategic target is expansion in the United States.

In 1981 our sales there were just over £1½bn and accounted for less than 9% of our business. By 1985 sales had trebled and were more than 15% of the business. The substantial increases in ICI sales have been mainly overseas. Our designation of a Consumer and Speciality Products segment highlights the extent to which the balance of our business is changing towards higher added-value 'effect' products. In total almost half our chemicals turnover is in 'effect' products which provide nearly two thirds of our trading profit. So our base for future growth in Specialities is well established. The third major building block in our strategy is innovation. Last year we launched something like eighty new products and we made a significant increase in R&D expenditure. These brief reflections on the continuing evolution of our strategy will convey that we know what we want to do, we are doing it, and we are going to go on doing it.



AGRICULTURE

Dividend Target

As stockholders, I'm sure you will be as pleased as we are that the Board has felt able to make a real increase in dividends from 30p to 33p per share and will be equally pleased by the increase in value of ICI shares which have risen from a low of 226p in 1981 to touch £10 at one point earlier this year. The more our performance is reflected in a higher market price for our stock, the more stockholders benefit and the better we are able to raise funds and finance expansion.

You will not have been surprised by our concern at the Government's imposition of a 5% tax on the creation of new depositary receipts (ADRs) – the form in which most UK equities are traded outside the UK. It is not only the immediate implications for American investors, who now hold some 15-16% of our stock, that have caused us to voice our objections to the new tax so publicly. The Government's decision, if brought into effect, will put UK companies at both commercial and financial disadvantage opposite their foreign competitors. We, together with other major companies are continuing our efforts to suggest alternative mechanisms which will meet the Chancellor's concerns.

Commitment to Success

Each Chairman of ICI is a custodian for a brief period in the life of the Company. I think we are fortunate in the elements which have become a continuous part of ICI. First, the importance of people; second, our pursuit of improvement; third, our commitment to research. Three continuing streams in ICI thinking and action, as vital today in the success of our business as they were sixty years ago. The nature of the chemical industry is changing. It is no longer enough to produce great tonnages at low costs for the markets of the world. Our business increasingly focuses on specific customers and on adding service to the products we supply them with.

Finally, I am particularly pleased that the number of stockholders increased during 1985. I do not wish to diminish the importance of institutional shareholders or of our United States shareholders – but the small stockholder with his personal interest and concern is a most active source of strength, encouragement – and advice.

I have still a year to go, but this is the last time I shall stand before you at an AGM. I am totally confident that when Denys Henderson succeeds to this stewardship next year your investment in ICI will continue to be a stake in a great Company which has the ability to realise its ambitions for the future.

OIL AND GAS

ICI Imperial Chemical Industries PLC

UK COMPANY NEWS

Oil downturn expected to be of net benefit to ICI

BY TONY JACKSON

Imperial Chemical Industries expects the fall in the oil price to be of net benefit to this year's profits, chairman Sir John Harvey-Jones told shareholders at the annual general meeting.

Speaking at his last AGM before his retirement next year, Sir John said the negative effects of the fall had been felt immediately, particularly in the oil and gas division, which had only broken even in the first quarter of the current year. Trading profits from the division last year were £59m.

"The real question is how quickly the forecast increase in world growth and activity comes through," he said. "I have to say we haven't seen it so far, but I find it difficult to believe it won't happen. The effect should substantially outweigh the loss in oil profits."

Replying to a shareholder's question about an ICI bid for Beecham, Sir John stuck to the official company line of not commenting on market rumours, but appeared to hint broadly at a denial by saying "these rumours have been around a long time. ICI has not in the past gone where it is not welcome and we are not in the business of growing by predation."

He had a similar response to questions about a rumoured rights issue. "I cannot make a positive statement," he said, "but whatever we're short of, it isn't money. We also have a number of ways of raising money at very reasonable rates at present."

In answer to a shareholder's criticism of ICI's use of animals in research, Sir John said that experiments at ICI had halved since 1977. ICI had carried out around 200,000 experiments on animals last year, with 95 per cent of them involving rates and mice.

Allebone swings back to profit in second half

A SHARP recovery in the second six months enabled Allebone and Sons, footwear manufacturer and retailer, to more than make up its first half £218,000 loss.

However, despite a £374,000 profit during the latter half, the group still saw its pre-tax result for the year to January 31 1986 fall from a restated £967,000 to £156,000.

The directors give two main factors for a £539,000 drop in retailing to £121,000: the weather and depressed sales following the absence of any new fashion themes in footwear. In addition, the group suffered a substantial increase in its operating costs following the rating revaluation in Scotland where two-thirds of its shops are located.

Manufacturing losses rose from £36,000 to £117,000. Trading conditions were again difficult.

Pre-tax profits were after interest charges of £262,000 (£198,000) and a £414,000 (£541,000) profit on the disposal of properties.

Earnings amounted to 0.1p (10.5p) after tax of £71,000 (£202,000) and a final dividend of 1.25p holds the net total at 1.5p.

The directors say the plans to expand the chain of edge-of-town Shoeworld discount stores will have to be reviewed in the light of the ruling on Sunday trading.

They hope that the new ranges being developed will enable a recent improvement in trading performance to be sustained and tell shareholders that there is "considerable scope for a substantial recovery" in profits.

Better trend continues at TI in first quarter

The improving trend in profitability at TI Group continued in the first quarter, but overall there had been no great change in market conditions, Mr Ronny Utiger, the chairman, told the annual meeting in Birmingham.

After allowing for disposals and the effect of changes in exchange rates, total sales were a little ahead of the first quarter last year. Within that total there had been some slackening in demand from sections of the automobile industry in North America and the UK, offset by higher sales in other parts of the group.

At Raleigh, he said, the group had completed extensive consultations with all employees on the intended changes in production methods and working practices.

He said employees recognised the need for radical change, and detailed discussions on methods of implementation were in progress.

With the exceptionally cold spring, it was still too early to judge how far the UK bicycle market would recover this year.

The group, he added, having heached the present stage in its recovery programme, would increase expenditure on its core businesses, particularly for automotive components, jet engine rings and vacuum furnaces.

While improved performances in 1986 and 1987 was clearly the top priority, it was putting an increased effort into building for the future.

Hopkinsons adds £1m to year-end profits

SECOND HALF pre-tax profits at Hopkinsons Holdings, manufacturers of boiler mountings and valves, improved from £3.27m to £3.72m, and figures for the full year to January 31 1986 were £6.83m compared with £5.83m.

The total dividend is increased from an adjusted 5.35p to 7.5p net with a final up from 4.15p to 5.5p. Stated earnings per 50p share improved from an adjusted 17.78p to 25.08p.

Group turnover at the year-end was £65.8m against £59.17m, and operating profits came out at £6.42m (£5.39m).

● comment

Hopkinsons Holdings has cleared market forecasts by £300,000 thanks to the buoyancy of Bryan Donkin and the £1m turnaround into profit by J. Blakeborough. Donkin is running forward on the back of a significant increase in demand, both at home and overseas, from the gas industry — a trend which Hopkinsons does not see weakening for a few years yet —while the recovery at Blakeborough is solely due to rationalisation; the underlying demand from the water treatment industry continues at a subdued level. However Hopkinsons Limited has been heading the other way, still hung in relatively demand starved limbo. Having enjoyed the best of Torness and Haysham the division is now waiting for some positive moves on power station construction. But even if Limited stays depressed the group looks on line for £7½m pre-tax this year including $1m contribution, net of financing charges, from Atwood and Morrill. After yesterday's 22p rise to 275p the prospective p/e is 11½ backed by a historic yield of 4 per cent.

James Beattie ahead

Improved pre-tax profits, up from £4.92m to £5.6m, for the year to March 31 1986, and sales, excluding sales taxes, advanced from £41.72m to £46.3m. The dividend is raised from an adjusted 2.125p to 2.6563p net.

After tax up from £2.1m to £2.32m, stated earnings per share were 1p higher at 7.15p.

Plasmec losses are worse than expected

BY RICHARD TOMKINS

Plasmec, the USM-quoted specialist plastics and mechanical engineering group, has turned in pre-tax losses of £570,000 for the year to December against profits of £387,000 the year before and has passed its final dividend.

The company warned in December that a recovery from its interim losses of £40,000 had not taken place, but the full-year losses were worse than expected and the shares, placed in October 1984 at 70p, shed another 1p to 24p.

The company said the losses were caused by sluggish sales and an under-utilisation of capacity. The difficult trading conditions had been worsened by tighter margins and longer lead times.

However, the first part of 1986 had seen a return to more normal order rates with modest profitability in the first quarter.

Turnover for the year rose from £7.01m to £7.14m but operating profits of £567,000 turned into a deficit of £74,000. Plasmec said the main reason was a decline in sales and margins at Pre-Met, which was hit by destocking in the luxury gift and industrial markets and delays in new product launches.

There were also non-recurring costs of £55,000 mainly relating to the retirement and resignation of two directors and exceptional costs of £278,000 relating to write-offs on excess stock and a provision for bad debts. Interest payable rose from £180,000 to £218,000.

Pantherella advances 16%

Pantherella, the Leicester-based maker of men's socks, reported another successful year in 1985, particularly in export markets. Despite the rising pound, 65 per cent of turnover went overseas.

On turnover for this USM-quoted company up by 20 per cent from £3.85m to £4.61m, pre-tax profits improved by 18 per cent to £761,000, against £656,000.

Following the deterioration in trading conditions towards the end of the year, which led to some overstocking among customers, the present year has started slower than expected. The order book at the moment is at the same level as last year.

The directors are, however, still planning for a more buoyant market as the year progresses.

Earnings per share came out at 11.2p against 10.18p and the directors are recommending a final payment of 2.2p (2p) making a total for the year of 3.7p (3.3p).

The tax charge was £313,000 against £249,000 last time when there was also an extraordinary item of £1,000. Dividends absorbed £148,000 (£134,000), leaving the retained profit for the year at £300,000, against £274,000 last time.

IN BRIEF

ROCK, the High Wycombe-based dealer in engineers' consumable supplies, has consolidated its return to profit in 1984 with almost doubled profits in 1985. The pre-tax figure was £136,157 compared with £72,458, on turnover ahead at £6.17m against £5.85m. No dividends are again payable—the last payment was in 1979. Mr Oswald Dockery, the chairman, says the small tools division achieved improved margins while maintaining its level of turnover.

TOP VALUE INDUSTRIES, the Manchester-based clothing manufacturer, made pre-tax profits of £5,000 during 1985 after incurring losses of £215,000 the previous year. Turnover was down from £4.58m to £4.17m, but gross profits increased from £629,000 to £829,000. Earnings per share were 0.14p against a loss of 4.65p. Directors say progress in establishing the new chain of High Street discount stores has been slower than anticipated.

JONES GROUP, Dublin-based shipping, engineering, manufacturing and distribution group, increased its pre-tax profits from I£2.94m to I£3.07m in 1985. Turnover rose from £47.6m to £67.98m. The final dividend is cut from 6.25p to 5.5p, but the total is unchanged at 8p. Earnings per 10p share were 17.01p against 20.9p.

CHEPSTOW RACECOURSE, which promotes and runs race meetings, made taxable profits of £11,997 in 1985 compared with £17,010 for the previous year. Turnover was £715,624 (£654,832).

Earnings per share were 1.99p (3.07p). The single final dividend is unchanged at 1p.

CONRAD HOLIDNGS reports a taxable profit of £345,013 on £6.95m sales for period to end-December 1985, which incorporated 10 months trading for Conrad Holdings and 12 months for EGC Construction. This compares with £544,866 on £6.97m sales for period to end-February 1985, which incorporated a full 12 months both from Conrad, formerly Russell Brothers, and EGC. The single final dividend is 2.5p (nil).

TOWLES, maker of hosiery and knitwear, reports slightly higher taxable profits of £597,000, against £580,000, for the year to end-February 1986. Turnover was £15.2m (£14.3m).

Earnings per share were 16.44p (15.06p). The single final dividend is unchanged at 2.9p on both the ordinary and the "A" ordinary shares.

BIO-ISOLATES: Pre-tax losses increased to £441,000 in 1985—in the previous 15-month accounting period, they were £356,000. The losses were after share of losses this time of a joint venture aprtnership of £48,000. The pre-tax figure included interest receivable, up from £8,000 to £13,000.

No dividend is payable by this Swansea-based USM company which is engaged in the isolation of valuable proteins and construction of related plant.

Turnover for the year was £2.65m against £1.4m in the previous 15 months. After an extraordinary debit of £122,000 (nil), losses for the year totalled £563,000 against £356,000.

SCOTTISH CITIES Investment Trust rose from 534p to 608p in the first half of the 1985-86 year, and the directors have declared an interim dividend of 7p, against 6p. They say that the final will not be less than last year's 17p. Net revenue came to £482,000 (£412,000) after tax of £264,000 (£219,000) for earnings per share ahead from 12.4p to 14.5p.

UK COMPANY NEWS

Lionel Barber on the contested Wedgwood bid

Unwilling Woltz partner

MR ALAN WOLTZ fixes his audience in the eye. "This is an opportunity I promise you," he says with a strong New Jersey twang, "for the UK to keep its position as a world class player in bone china."

The 54-year-old chairman and chief executive of London International speaks with energy about his proposed £149m takeover of Wedgwood, the world-famous bone china and earthenware manufacturer.

Mr Woltz is not a man to be overawed by a name. Abrasive, some say ruthless and impatient, he and his management team have over the past six years transformed a company once best known for its Durex contraceptives into a broad consumer products business including photographic processing, toiletries and medicines and, with the September 1984 acquisition of Royal Worcester, fine china.

A merger with Wedgwood would give London International around one quarter of the UK fine china market and strong distribution and sales in the US, a key market, Europe and Japan. Moreover, it would even the balance between the still-strong contraceptive business and the fine china side.

Fine china offers London International a chance to make an impact in a market where discretionary spending is high, and to capitalise on encouraging growth over the past six years. Since 1980, the group has boosted pre-tax profits from £6.2m to £18.8m for the year ending March 1985, and return on capital has risen from 13.4 to 28 per cent.

Back in Barlaston, near Stoke-on-Trent, headquarters of Wedgwood, such number-crunching techniques aimed to impress the City were brushed aside yesterday.

Sir Arthur Bryan, the 63-year-old executive chairman of Wedgwood and the first non-Wedgwood to run the business, sees the bid, delivered in the form of a press release, as an impertinence.

"There is only one firm that is recognised as the leader in technical design, industrial relations and marketing quality (in china) and that is Wedgwood. For 25 years our position in the world market has been so dominant," says Sir Arthur, "that for Alan Woltz to talk about creating one of the world's largest companies is an inane observation. It is quite ludicrous."

Roger Taylor

Mr Alan Woltz, chairman of London International

Sir Arthur, who has spent 37 years with Wedgwood, is naturally disdainful about the ambitions of London International which only entered the industry 18 months ago. Volume at Wedgwood, for example, is 10 times that of Royal Worcester; as for London International's forecast of a minimum £3m pre-tax profit for Royal for 1985, Sir Arthur responds: "Some of Wedgwood's own divisions will make substantial advances on last year and exceed that figure."

For 25 years Wedgwood's market position has been dominant

Stripping away the emotion, Wedgwood's financial performance over the past few years has been a little less impressive than its name. In July last year the group declared pre-tax profits of £15.1m on £146.4m sales. But the £4.5m profit increase obscured a fall in profits in the US, where tough competition had kept prices static for three years.

For the next six months to the end of September (a traditionally slack period) interim pre-tax profits rose just 1.6 per cent to £6.1m on £72.3m sales.

A £14m rights issue last November, designed to cut borrowing and accelerate investment, also attracted criticism in the City.

According to Mr Woltz, both Royal Worcester, Wedgwood and other British pottery manufacturers have still to recover fully from the mistakes they made in the 1970s when volume slackened.

"They simply raised prices," says Mr Woltz, "and the result was a gradual loss of market share."

In Mr Woltz's analysis, British earthenware manufacturers failed to treat their tea cups, plates and pots as consumer branded products. They based their prices on factory production costs and failed to use flexible pricing to counter static or falling demand.

He hopes that his arguments on cost savings arising from a merger sway City institutions who hold around 70 per cent of Wedgwood.

Yesterday, in what must have been a numbing blow for Sir Arthur, a major institutional shareholder, Mercury Warburg Investment Management, sold a 9.9 per cent stake to London International and pledged to accept or procure acceptances for a further 14.9 per cent, providing there is not another, higher, offer.

The Warburg sale has prised open Wedgwood. The Wedgwood's family shareholding, amounting to an 8 per cent stake, looks far less of an obstacle.

Mr Woltz, therefore, has the look of a confident man. Last year, three London International non-executive directors—including the chairman Mr Donald Seymour and Mr Martin Lampard, senior partner at Ashurst, Morris Crisp & Co, the company's legal adviser—resigned after a majority board decision to allow Mr Woltz to become chairman and chief executive. Mr Lampard raised questions about Mr Woltz's £324,356 salary and some £51,000 business and travel expenses. Mr Woltz is still in situ, with a board which is, in his words, "functioning beautifully."

As Sir Arthur Bryan will doubtless discover in the coming weeks, Mr Woltz is a man who has a habit of getting his own way.

Menzies warns of 'restraints' ahead

John Menzies, the newsagent, bookseller and stationer, yesterday reported a 14 per cent rise in taxable profits to £19.5m for the year ended February 1 1986, but warned that the current trading year would be restrained by two factors.

These are the consequences of the introduction of new technology to Fleet Street, and by the costs of establishing Early Learning's chain overseas. Early Learning is the educational toys group bought last May for £8.44m.

The directors say that "if these factors are understood, the company's results should be satisfactory."

They expect Early Learning, which currently has 108 shops, to increase to 140 by October, in time for Christmas trading. It will also open 10 centres in the US in the year.

Turnover in 1985-86 rose from £505.3m to £546.9m. Retail, Early Learning and Universal office supplies did particularly well, say the directors.

The dividend for the year is raised from 3.375p to 4.05p with a final of 2.7p (2.25p). After tax at £9.4m (£7.9m) earnings per share came to 19.7p (16.1p).

Goodwill of £8.9m—principally on the Early Learning acquisition—has been charged against reserves. The company paid £0.6m in interest, against £2m.

● comment

The market's approval of John Menzies' slightly disappointing results is difficult to understand. Although Menzies supplies the market with the bare minimum of information, the conspicuous absence of the important distribution division from the list of last year's good performers is ominous. The strike at News International can scarcely be to blame for poor distribution profits as it affected only the last week of the year. However, its impact on the current year may be serious, and cost more than £1m in terms of pre-tax profits. Meanwhile, the Early Learning acquisition seems to be powering ahead, and is already more than covering financing costs. However, Menzies plans to expand the chain aggressively in the UK and in the US, the costs of which will hold back Early Learning's profits for the next couple of years. Given Menzies' dependence on uncertain wholesaling and its flattish short-term prospects, the company is appropriately rated at a discount to the stores sector. Assuming profits this year of £21m the shares at 338p are on a p/e of 14.

BRITISH ASSETS TRUST: Net asset value per 25p share improved from an adjusted 62.5p to 79.6p at March 31 1986, compared with an adjusted 82.5p a year earlier and stated (adjusted) earnings per share of this investment trust were up from 0.745p to 1.07p.

A second quarter dividend of 0.475p makes the six-month total 0.95p against an adjusted 0.8625p.

Pre-tax revenue for the six months to the end of March progressed from £4.64m to £6.18m. Dividend income was considerably higher at £8.02m (£4.48m), and interest received was £389,000 against £554,000. Underwriting commission was £20,000 (£76,000), interest charges were £1.7m this time.

COMPANY NEWS IN BRIEF

WADKIN, engaged in woodworking machinery, incurred a £566,000 loss in second six months and for 1985 year ran up a £380,000 pre-tax deficit (profits £47,000). Turnover totalled £35.3m (£34.13m). Loss per share 8.65p (0.77p). No final dividend (1p) making 1p (3p) net.

TMD ADVERTISING Holdings, in its initial figures since joining the USM, reports pre-tax profits of £417,000 (£291,000) from turnover of £25.01m (£20.08m) in the six months to February 28 1986. Earnings per share were 4.8p against 3.2p. Directors are confident of a very satisfactory year.

SAMUEL PROPERTIES saw taxable profits rise from £1.71m to £2.17m in the six months to end 1985. The interim dividend is raised from 1.6p to 2p, with earnings up from 3.59p to 4.43p. Turnover for the half year was £7.78m (£8.2m).

CLAYTON SON & Company (Holdings), engineer, returned pre-tax profits of £622,000 (£681,000) in 1985. Turnover totalled £10.97m (£13.47m). Final dividend is 5.5p, making 7p (6p) net. UK profits were £593,000 (£896,000). Associates added £29,000 (took £217,000). J. F. Thomson of Australia is no longer an associate and no returns from this source were included for 1985.

NEW AUSTRALIA Investment Trust saw net asset value fall to 103.9p per 50p share as at March 31 1986, compared with 109.9p a year earlier. Investment income for the six months to the end of March was down at £127,835 (£185,102) but interest received improved to £34,628 (£13,456).

ENSIGN TRUST net asset value per share increased to 152.77p (120.2p) for the six months to March 31 1986. Earnings per share are shown as 0.78p (0.87p) on after-tax revenue of £1.08m (£1.18m). Interim dividend, as known, is 0.4p (same).

MARLBOROUGH PROPERTY Holdings raised pre-tax profits from £487,000 to £528,000 in 1985. Attributable profits were £578,000 (£473,000) and earnings per 5p share came to 1.99p (1.96p). The final dividend is 0.375p for a 0.6p (0.55p) total. Net rental income was £1.22m (£772,000).

E. UPTON AND SONS, department store operator in North-east England, cut its pre-tax losses from £386,000 to £202,000 in the 52 weeks to January 28 1986. Before an exceptional debit of £63,000 against £13,000. This debit relates to redundancy and associated costs resulting from office and warehouse re-organisation. There was an extraordinary credit of £10,000 (debit £51,000), and this was profit on the sale of freehold properties. The directors say the year-end figures reflect a further improvement in the trading position, resulting from substantial costs reduction.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims:—Burgess Products, Redfearn National Glass, West Yorkshire Independent Hospital.

Finals:—Bardsey, Barham, Blue Circle Industries, First Charlotte Assets Trust, Cecil Gee, Jacques Vert, Ropner, Tarmac, Tootal Yule Catto.

FUTURE DATES

Interims:—

Devenish (J. A.)	†June 10
Greenall Whitley	May 22
TR Australia Inv. Trust	April 30
Telecomputing	May 6

Finals:—

European Ferries	May 8
Holt (Joseph)	May 9
Metal Box	June 10
Miles 33	May 20
Outwich Inv. Trust	May 7
Parkland Textile	May 12
Shiloh	April 30
Waco	May 6

† Amended.

FT LAW REPORTS

Buyers with risk but no title cannot sue

LEIGH & SILLAVAN LTD v ALIAKMON SHIPPING CO LTD

House of Lords (Lord Keith of Kinkel, Lord Brandon of Oakbrook, Lord Brightman, Lord Griffiths and Lord Ackner): April 24 1986.

WHERE THE risk in goods has passed to prospective buyers on shipment under a c & f contract and the contract is then varied so that right of disposal and the property remain with the sellers on transfer of shipping *documents* a subsequent sale ex-warehouse to the original buyers does not entitle them to sue the shipowners in tort for damage done when the goods were on board, in that at that time, they had no *legal* or possessory title.

The House of Lords so held when dismissing an appeal by the buyers, Leigh & Sillavan Ltd, from a Court of Appeal decision dismissing their claim against shipowners Aliakmon Shipping Co Ltd for damage done to goods on board the Aliakmon.

[A "c & f" contract is one in which the price covers the cost of goods and freight.]

* * *

LORD BRANDON said that by a c & f contract made in July 1976 the buyers agreed to buy steel coils to be shipped from *Korea to Immingham.*

The goods were loaded on board the Aliakmon at Inchon in South Korea, and a bill of *lading* was issued incorporating The Hague rules. The parties then agreed to vary the original contract.

The sellers, despite delivery of the bill of lading to the buyers, were to reserve the right of disposal of the goods; the buyers were to present the bill of lading to the ship at Immingham and take delivery of the goods as agents for the sellers; and, after discharge, the goods were to be stored in a warehouse to the sole order of the sellers.

When the ship arrived at Immingham the buyers carried out the contract as varied. On discharge the goods proved to be in a damaged condition.

Subsequently the buyers paid for the goods, after certain claims for alleged defects had been settled. The legal ownership, which had remained in the sellers due to reservation of the right of disposal, then passed to the buyers.

Under the usual kind of c & f or cif cost insurance freight) contract, risk in the goods passed on shipment, but the property did not pass until the buyer took up and paid for shipping *documents* including the bill of lading. He then had vested in him all rights of suit.

In the present case what had originally been a usual c & f contract had been varied to become a contract of sale ex-warehouse. Under an ordinary contract of sale ex-warehouse, risk and property passed at the same time. Under the varied contract however, risk had already passed on shipment because of the original c & f contract, and there was nothing in the new terms which caused it to revert to the sellers.

The buyers did not acquire contractual rights of suit under the bill of lading because the property had not passed. Hence their attempt to establish a separate claim against the shipowners founded in the tort of negligence.

There was a long line of authority for the principle that a person, to claim in negligence for loss or damage to property, must have had legal ownership or possessory title when the loss or damage occurred.

None of the cases in that line of authority concerned a claim by c & f or cif buyers to recover when the risk but not the property had passed. However, the question whether such a claim would lie came up in *The Wear Breeze [1969] 1 QB 219* where it was held that the buyers were not entitled to recover in tort for negligence.

* * *

Mr Clarke for the buyers did not question any of the cases of in the long line of authority, but contended that *The Wear Breeze* was wrongly decided and should be overruled. He relied on five main grounds:

Ground 1: that the characteristics of a cif or c & f contract differed from those in the other non-recovery cases.

Mr Clarke said that in the other cases the plaintiffs were persons whose contractual rights entitled them to have the use or services of the property, or to tender services to the property. By contrast buyers under cif or c & f contract were prospective legal owners.

That difference existed, but made no difference to the principle of law to be applied. In all the cases the plaintiffs' complaint was that by reason of contracts with others, loss of or damage to property to which they had no proprietary nor possessory title had caused them to suffer loss. The fact that cif or c & f buyers were destined to acquire legal ownership did not constitute a material distinction in law.

Ground 2: that under a cif or c & f contract the buyer acquired equitable ownership on shipment of the goods.

Mr Clarke made two propositions. *First, that a person who had equitable ownership was entitled to sue in tort for negligence without joining the legal owner. Second, that a buyer who agreed to buy goods which were appropriated to the contract acquired the equitable ownership on appropriation.*

He submitted that the goods had been appropriated at Inchon and the buyers became equitable owners and could sue without joining the sellers.

The first proposition could not be supported. Where an equitable owner had possessory title he was entitled by virtue of his possessory title rather than his equitable ownership to sue. If he was equitable owner and no more he must join the legal owner as a party to the action.

With regard to the second proposition, it was extremely doubtful whether equitable interests in goods could be created or exist within the confines of an ordinary contract of sale. The Sale of Goods Act 1893, which applied to the present contract, was a complete code of law in respect of contracts for the sale of goods.

Ground 3: that the law of *negligence* had developed significantly since 1969 when the *Wear Breeze* was decided.

Mr Clarke relied principally *on the speech of Lord Wilberforce in Anns v Merton LBC [1978] AC 728, 751-752* where he said that in order to establish that *a duty of care* arose "First one has to ask whether ... there is a sufficient relationship of proximity ... Secondly ... whether there are any considerations which ought to negative, or to reduce or limit the scope of the duty ..."

In *The Irene's Success [1982] QB 487* Lord Justice Lloyd said with regard to the second question that a possible ground for excluding the duty of care in the case of a cif buyer might be if it enabled him to sidestep the carrier's contractual exceptions including rights and immunities, but his tentative view was that "it would require a much stronger argument of policy for the duty of care ... arising out of so close a relationship as ... *between a carrier* and a cif buyer to be excluded."

In *The Nea Tyhi [1982] 1 Lloyd's Rep 606* Mr Justice Sheen indicated that had it been necessary he would, in relation to the question of title to sue, have followed the *Irene's Success* rather than the *Wear Breeze.*

Lord Wilberforce was dealing with the existence and scope of a duty in a novel type of factual situation. He was not suggesting that the same approach should be adopted in a factual situation where such a duty had repeatedly been held not to exist.

Mr Clarke submitted that a duty of care did exist in the present case, but that it was subject to the terms of the bill of lading.

With regard *to* that suggestion Sir John Donaldson had said in the Court of Appeal *([1985] 2 WLR 289, 301)* that *carriage* by sea under the Hague Rules was "an intricate blend of responsibilities and liabilities ... rights and immunities ... time bars ... and indemnities ... and liberties. I am quite unable to see how these can be synthesised into a *standard of a care.*" His Lordship also was unable to understand how the necessary synthesis could be made.

Mr Clarke sought to rely on the concept of bailment. He argued that the buyers, by entering into a c & f contract with the sellers, had *impliedly* consented to the sellers bailing the goods to the shipowners on the terms of a usual bill of lading.

* * *

The theory was unsound. The only bailment was by sellers to shipowners on the *terms of* a usual bill of lading incorporating the Hague Rules. Those terms only had effect as between sellers and shipowners.

Ground 4: that any rational system of law would provide a remedy for persons who suffered the present *kind* of loss.

English law did provide a remedy. The buyers if properly advised should have made it a term of the variation that the sellers should exercise the right to sue for their own account or assign such right to them to *exercise for* themselves. If either of those precautions had been taken the law would have provided the buyers with a fair and adequate remedy for their loss.

Ground 5: the judgment of Lord Justice Robert Goff in the Court of Appeal [*that the shipowner owed a duty of care to the buyers but had not committed any breach of that duty —pp 281, 236*].

Lord Justice Robert Goff said there was no good reason in principle or policy why the c and f buyer should not have a direct cause of action on the basis of a principle which he called "the principle of transferred loss."

That principle was inconsistent with authority. All five grounds on which Mr Clarke relied were rejected. The *Wear Breeze* was good law when decided and remained good law. The decision in the *Irene's Success* was wrong and the observations in the *Nea Tyhi* with regard to it should be disapproved.

The appeal should be dismissed.

Their Lordships agreed.

For the buyers: Anthony Clarke QC and Nigel Teare (Anthony King & Co).

For the shipowners: Nicholas Phillips QC and Jonathan Sumption QC (Holman Fenwick & Willan).

By Rachel Davies
Barrister

FT CROSSWORD PUZZLE No 6,009

DINMUTZ

ACROSS

1 Drive in Wimbedon and reverse direction (8)
5 Balanced, sat forartist about one (6)
10 Quotes the torist attractions, we hear 6)
11 Discount for bo:e-setting (9)
12 String-pulling m the platform? (9)
13 At home, pet-taining can be awkward (5)
14 Bats at the wcket all there (6)
15 Destroy or educe threats (7)
18 Light diet ray be ordered (7)
20 Gift of old noney (6)
22 TV, papers etc reporting maiden ove; one short (5)
24 Travelling, I can take long time with pod books (9)
25 Finish of small mount in Aintree, prhaps (9)
26 Lady-love vith bad back (5)
27 Feel biter about penny deducted rom offer (6)
28 Dishes t'at knock us out? (8)

DOWN

1 Muscle :hat provides army strengtl? (6)
2 Nice, rtzy change for the townsfdk (9)
3 Putting into dock? (15)
4 Ran back with speed to recount (7)
6 Come! a noble union is made very rarely (4, 2, 1, 4, 4)
7 Musical chairs? (5)
8 One in false smile to make alcohol unfit for drinking (8)
9 Overdrawn, promissory notes are abhorrent (6)
16 Canvas shelter show up as experimental? (9)
17 It shows how far 'e motored, possibly (8)
19 Coming from jail, he went to Kings (6)
20 Trip in explosive weapon (7)
21 Underline importance (6)
23 Expensive fiddle over game (5)

Solution to Puzzle No. 6,008

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

[illegible]

AUTHORISED UNIT TRUSTS & INSURANCES

Sentinel Funds Mngmnt Ltd
30 City Road, London EC1Y 2AY 01-628 6626

American Stock	[illegible]	[illegible]	[illegible]	1.12
Amer Tech & Gen Fd	134.5	111.8	[illegible]	0.56
European Growth	[illegible]	[illegible]	+0.6	0.03
European Income	[illegible]	36.5	+0.6	5.00
Exempt	538.7	576.4		2.05
Inc'l Growth Fd	[illegible]	30.6	+0.6	0.13
International Income	57.1	61.1	+0.1	4.96
Jap Tech & Gen	87.6	94.0		0.01
Pacific Fund	154.8	165.6	−0.3	0.85
Secure Income Fd	172.8	184.9	+1.6	4.94
Small Co's Fd	[illegible]	[illegible]	+0.3	1.45
Special Sits	212.2	227.1	+1.1	2.18
UK General Fund	34.3	36.1		2.32

Standard Life Trust Mgmt. Ltd
3 George St, Edinburgh EH2 2XZ 031 225 2552

Income Units	25.2	26.8	−0.1	2.95
Accum. Units	27.8	29.7		2.95

Stewart Ivory Unit Trust Mgrs Ltd (a)
45 Charlotte Sq, Edinburgh 031-226 3271

American Fund	216.7	230.9	−2.4	2.31
(Accum Units)	243.4	259.3	−2.5	2.31
(Withdrawal Units)	156.8	167.1	−1.6	2.31
Australian Fund	122.8	130.8	−0.2	1.02
(Accum. Units)	124.1	132.2	−0.2	1.02
British Fund	585.4	623.6	+1.7	4.29
(Accum Units)	795.5	840.6	+2.3	4.29
European Fund	273.7	291.6	+3.4	0.87
(Accum Units)	287.6	306.5	+3.7	0.87
Japan Fund	269.3	287.0	+1.3	0.27
(Accum. Units)	270.7	288.5	+1.3	0.27
Saints PEP	165.1	173.6		−

Sun Alliance Fund Management Ltd
Sun Alliance House, Horsham 0403 56293

Equity Tst	395.5	411.1	+1.1	2.29
North America	56.9	60.5	−0.7	1.35
Far East	68.3	72.6		0.09

Sun Life Trust Mgmt. Ltd
107 Cheapside, London EC2V 6DU 01-606 6011

American Growth Acc.	32.0	34.1	−0.1	1.4
American Income Acc.	30.7	32.7	−0.3	5.5
American Income Inc.	30.2	32.2	−0.3	5.5
European Growth Acc.	49.9	53.0	−0.4	0.8
European Income Acc.	24.1	25.7	−0.1	4.5
European Income Inc.	24.1	25.7	−0.1	4.5
Far East Growth Acc.	38.6	41.1	+0.2	0.6
Int. Growth Acc.	33.5	35.7	−0.1	2.0
Japan Growth Acc.	47.2	50.2	−0.2	0.1
UK Growth Acc.	36.4	38.7	+0.3	2.1
UK Income Acc.	32.5	34.6	+0.1	5.1
UK Income Inc.	31.7	33.7	−0.3	5.3
Managed Growth Acc.	40.6	43.2	+0.1	2.0
Managed High Yield Inc.	46.6	49.6		7.1
Managed Income Inc.	36.5	38.8	+0.2	3.5

Swiss Life Pen. Tst. Man. Co Ltd (a)(c)
99-101 London Rd, Sevenoaks 0732 450161

Equity Dist.*	278.3	294.4	3.40
Equity Acc.*	334.8	354.2	3.40
Fixed Int. Dist.†	130.9	135.6	9.92
Fixed Int. Acc.†	192.0	198.9	9.92

*Prices on April 9. Next dealing May 14
†Prices on April 2. Next dealing May 7

TSB Unit Trusts (b) (c) (y)
PO Box 3, Keens House, Andover, Hants SP10 1PG
0264 62188 Dealings to 0264 63432-3

TSB American	114.3	121.7	−1.0	1.91
Do. Accum.	119.0	[illegible]	[illegible]	1.91

3i Unit Trust Managers Ltd
Target Trust Mngrs. Ltd (a)(g)
Templeton Investment Management
Thornton Management Ltd
Touche, Remnant Unit Trust Mngt Ltd
Trades Union Unit Trust Managers
Transatlantic and Gen. Secs. (c) (y)
Tritan Fd Mngrs. Ltd.
Tyndall Managers Ltd(a)(b)(c)
UK Provident Unit Trust Managers Ltd
Unit Trust Account & Mgmt. Ltd
Vanguard Trust Managers Ltd
Wardley Unit Trust Managers Ltd (a)
Waverley Asset Management Ltd (a) (c)
WestAcre Unit Trust Managers Ltd(a)(c)
Whittingdale Unit Trust Managers
Windsor Trust Mngrs Ltd
Wright Seligman Fund Managers Ltd
The Yorkshire General Trust

INSURANCES

AA Friendly Society
Abbey Life Assurance Co Ltd

Aetna Life Insurance Co Ltd
401 St John St, London EC1V 4QE 01-833 2303

Life Funds (Accumulator Units)

Squirrel	10.42	10.97	+0.01	−
Bear	11.30	11.90	−0.02	−
Owl	11.75	12.37	+0.07	−
Bull	12.52	13.18	+0.08	−
Stag	12.20	12.85	+0.10	−
Gilt-Edged		11.16		−
Deposit		9.60	+0.02	−

Pension Funds (Accumulator Units)

Squirrel	10.99	11.57	+0.01	−
Bear	12.14	12.78	−0.02	−
Owl	12.69	13.36	+0.10	−
Bull	13.84	14.57	+0.12	−
Stag	13.47	14.18	+0.12	−
Gilt Edged		11.16		−
Deposit		9.66	+0.01	−

Exempt Approved

Mixed Managed	132.38	133.05	−1.04	−

Albany Life Assurance Co Ltd
3 Darkes Lane, Potters Bar 0707 42311

Equity Fd. Acc.(z)	697.4	734.1	−6.1	−
European Fd Accum(z)	194.0	204.1	−1.9	−
Fixed Int. Acc.(z)	307.1	323.2	+0.3	−
Gtd Money Fd. Ac.(z)	195.8	206.1		−
Intl. Man. Fd. Acm (z)	290.8	306.0	−0.9	−
Intl Fxd Int Fd Acc(z)	179.6	194.8	−0.6	−
Japan Fund(z)	215.9	227.3	+0.7	−
Nth American Fd Acc(z)	164.3	172.9	+1.4	−
Prop. Fd. Acc.(z)	198.3	208.8		−
Multiple Inv. Acc.(z)	492.8	518.7	−2.9	−

Pension Funds

Eq Pen Fd Acc(z)	1249.3	1315.1	−15.9	−
Euro Fd Acc(z)	248.0	261.0	−3.2	−
Fixed Int. Acc.(z)	577.3	607.6	+0.5	−
Gt Money Pn Acc(z)	315.6	332.2	+0.1	−
Intl Man Fd(z)	405.4	426.7	−1.4	−
Jap Pen Fd Acc(z)	282.1	296.9	+1.3	−
N Am Pn Fd Acc(z)	190.8	200.8	+1.9	−
Property(z)	284.7	304.9		−
Mltple Inv. Pens Acc(z)	908.7	956.5	−7.5	−

Allied Dunbar Assurance Plc
Allied Dunbar Ctr, Swindon SN1 1EL 0793 28291

Fixed Int. Dep. Acc.	216.4	227.8	−
Equity Acc.	640.2	673.9	−
Property Acc.	311.5	327.9	−
Far East Acc.	134.1	141.2	−
Managed Cap.	314.7	331.3	−
Managed Acc.	507.9	534.7	−
O'seas Earnings Acc.	420.2	442.4	−
Gilt Edged Acc.	273.1	287.5	−
American Equity Acc.	358.1	377.0	−
American Man. Acc.	170.1	179.5	−
American Prop Acc.	125.2	131.8	−
Pen F I Dep Cap	238.4	251.0	−
Pen F I Dep Acc	365.9	385.2	−
Pen Prop Cap	379.2	399.2	−
Pen Prop Acc	643.0	676.9	−
Pen Man Cap	658.7	693.4	−
Pen Man Acc	1115.6	1174.4	−
Pen Gilt Edg Cap	289.3	304.7	−
Pen Gilt Edg Acc	400.7	421.8	−
Pen Eq Cap	1080.3	1137.5	−

Ambassador Life Ass. Co Ltd
Baltic Assurance Funds
Barclays Life Assur. Co Ltd
Black Horse Life Ass. Co Ltd
British National Life Assurance Co Ltd
Canada Life Group
Cannon Assurance Ltd
Chase de Vere Investments Ltd
City of Edinburgh Life Assurance
City of Westminster Assurance
Clerical Medical/Fidelity International
Clerical Medical Managed Funds Ltd
Colonial Mutual Group
Commercial Union Group
Continental Life Insurance PLC
Cornhill Insurance PLC
Credit & Commerce Life Ass. Ltd
Criterion Assurance Group
Crown Financial Management Ltd
Crusader Insurance Plc
Devonshire Life
Eagle Star Insurance Co Ltd
Eagle Star Insur/Midland Assur.
Equitable Life Assurance Society
Equity & Law
Family Assurance Society
Federation Mutual Insurance Ltd
First Financial Services PLC
Framlington Life Insurance Ltd
Friends' Provident Life Office
CT Management Ltd
General Accident Linked Life Assurance
Assicurazioni GENERALI SpA
General Portfolio Life Ins. Plc
Gresham Unit Assurance Ltd
Growth & Sec. Life Ass. Soc. Ltd
Guardian Royal Exchange
Hearts of Oak Benefit Society
Henderson Administration (z)
Hill Samuel Life Assur. Ltd
Imperial Life Ass. Co of Canada
Imperial Life (UK) Ltd
Irish Life Assurance Co Plc
The LAS Group
Kingswood House, Kingswood, Tadworth, Surrey KT20 6EU
Langham Life Assur. Co Ltd
Legal & General (Unit Assur) Ltd
Legal & General Prop. Fd. Mgrs. Ltd
Liberty Life Assurance Co Ltd
Lloyds Life Assurance
London A'deen & Nthn. Mtl. Assur. Ltd
London Indemnity & Gnl. Ins. Co Ltd
London Life
London Life—Continued
London & Manchester Group
M & G Group
Manufacturers Life Insurance Co (UK)
MGM Assurance
Merchant Investors Assurance
Mutual Life Assurance
NEL Pensions Ltd
National Mutual Life Ass. Soc.
National Mutual of Australasia
National Provident Institution
NPI Pensions Management Ltd
Norwich Union Insurance Group
PBR Fund Management Ltd
Pearl Assurance (Unit Funds) Ltd
Phoenix Assurance Co Ltd
Pioneer Mutual Insurance Co Ltd
Premium Life Assurance Co Ltd
Property Equity & Life Ass. Co
Property Growth Assur. Co Ltd
Providence Capitol Life Assc. Co Ltd
Provident Life Assoc Ltd
Provident Mutual Life Ass. Assn.
Provincial Life Assurance Co Ltd
Prudential Assurance Co
Prudential Pensions Limited
Reliance Mutual
Royal Life Insurance Ltd
Save & Prosper Group
Schroder Life Assurance Ltd
Scottish Amicable Investments
Scottish Equitable Life Assur. Soc.
Scottish Life Investments
Scottish Mutual Assurance Society
Scottish Mutual Investments
Scottish Provident Institution
Scottish Widows' Group
Sentinel Life plc
Sharp (Albert E.) & Co.

INSURANCE, OVERSEAS & MONEY FUNDS

OFFSHORE AND OVERSEAS

World Fund S.A.
2 Boulevard Royal, Luxembourg
World Fund NAV — $17.30 | -0.04 | —

World Wide Growth Management◊
10a, Boulevard Royal, Luxembourg
Worldwide Gth Fd — $16.73 | -0.07 | —
Inv. Adv.: M. & G. Inv. Mngt. Ltd, London

Yamaichi Dynamic Mngt Co SA
10A Boulevard Royal, Luxembourg
Advanced Tech — $16.17 | -0.07 | —
Dynamic Gwth Fd — $16.23 | -0.31 | —

Zero Bond Fund Limited
PO Box 208, St Peter Port, Guernsey — 0481 26268
Zero Bond Fund — $11.98 | 12.69 | —

Money Market Trust Funds

	Gross	Net	Gr Equiv CAR	Int Cr
The Charities Deposit Fund — 77 London Wall, London EC2N 1DB — 01-588 1815				
Deposit	10.85	—	—	3-Mth
The Money Market Trust — 63 Qn Victoria St, EC4N 4ST. — 01-236 0952				
Call Fnd	10.93	8.17	11.97	6mth
7-day Fnd	10.97	8.20	12.01	6mth
Oppenheimer Money Management Ltd — 66 Cannon St, EC4N 6AE — 01-236 1425				
Call Fnd	10.91	8.16	11.73	6-Mth
7-day Fund	10.50	7.85	11.27	6-Mth
Dollar	6.81	—	—	6-Mth

Money Market Bank Accounts

	Gross	Net	Gr Equiv CAR	Int Cr
Adam & Co. plc — 22 Charlotte Sq, Edinburgh EH2 4DF — 031-225 8484				
Full Service Cur Acc	10.00	7.20	10.14	Qtr
Aitken Hume — 30 City Road, EC1Y 2AY. — 01-638 6070				
Treasury Acc	9.75	7.29	10.56	Qtr
Mth. Int. Chq.	9.75	7.24	10.63	Mth
Allied Arab Bank Ltd — 97-101 Cannon St, London, EC4N 5AD — 01-283 9111				
HIDCA	11.325	8.33	12.17	Mth
Bank of Scotland — 38 Threadneedle St, EC2P 2EH. — 01-628 8060				
Money Mkt Cheque Acc	10.06	7.51	10.94	Mth
Barclays Prime Account — PO Box 125, Northampton — 0604 252891				
High Int. Cheque	9.75	7.125	10.31	Qtr
Britannia Investment Services Ltd. — 74-78 Finsbury Pavement, EC2A 1JD. — 01-588 2777				
Cater Allen	10.00	7.48	10.0693	Mth
Charterhouse Japhet plc — 1 Paternoster Row, EC4M 7DH. — 01-248 3999				
Sterling	10.13	7.57	11.04	Mth
U.S. Dollar	6.25	4.67	6.72	Mth
German Mark	4.00	2.99	4.27	Mth
Swiss francs	1.50	1.12	1.59	Mth
Japanese Yen	4.50	3.36	4.81	Mth
Citibank Savings — St Martins Hse, Hammersmith Grove — 01-741 4941				
Money Market Plus	£5,000+	7.40	10.79	Mth
For other rates please phone our Ratesline 01 846 9768				
Co-operative Bank Cheque & Save — 78-80 Cornhill EC3 01-626 6543				
£500-£2,500	6.69	5.00	7.18	Qtr
£2,500+	9.38	7.00	10.12	Qtr
Dartington & Co Ltd — Dartington, Totnes, Devon TQ9 6JE — 0803 862271				
Money Mkt Acc	11.00	8.23	11.94	Qtr
Edward Manson & Co Ltd — 9 Henrietta Place W1M 9AG — 01-631 3313				
Cheque Deposit Acc	10.50	7.84	11.45	Mth
Henderson/Bank of Scotland — 38 Threadneedle St EC2P 2EH — 01-628 8060				
Money Mkt. Cheque Acc.	10.06	7.51	10.94	Mth
Legal & General (Money Mngrs) Ltd — 355 Euston Road, NW1 3AG — 01-388 3211				
High Int Dep Acc	11.04	8.25	11.86	6-mth
Lloyds Bank PLC — 71 Lombard St, London EC3P 3BS — 01-626 1500				
HighIntCheque Account	9.60	7.60	11.01	Qtr
Lombard North Central PLC — 17 Bruton St, W1A 3DH — 01-409 3434				
14-Day Notice	9.60	7.60	11.01	—
M & G/Kleinwort Benson — 91-99 New London Rd, Chelmsford. — 0245 51651				
H.I.C.A. (£2,500+)	10.12	7.56	11.09	Daily
Midland Bank plc — PO Box 2, Sheffield. — 0742 20999 Ext 8655				
High Int Chq Acc	9.63	7.20	10.42	Qtr
£10,000+	9.90	7.40	10.72	Qtr
Oppenheimer Money Mgmnt Ltd — 66 Cannon St, EC4N 6AE — 01-236 1425				
Money Mngt. Acct	10.75	8.04	11.32	3-Mth
Phillips & Drew Trust Ltd — 120 Moorgate, London EC2M 6XP — 01-628 9771				
High Int Chq Acc	10.75	8.04	11.66	Qtr
Provincial Trust — 30 Ashley Rd, Altrincham, Cheshire — 061-928 9011				
High Int Chq Acc	11.00	8.23	12.02	Mth
Royal Bank of Scotland plc — 24 Lombard St, London EC3V 9BA — 031-557 0201				
Premium Account	10.12	7.56	10.96	Qtr
Save & Prosper/Robert Fleming — 28 Western Rd, Romford RM1 3LB. — 0708 66966				
H.I.B.A.	10.10	7.55	11.04	Daily
Tyndall & Co — 29-33 Princess Victoria St, Bristol — 0272 732241				
Demand Acc	10.36	7.74	11.23	Qtr
Money Acc	10.20	7.63	10.05	Qtr
J. Henry Schroder Wagg & Co Ltd — Enterprise House, Portsmouth — 0705 827733				
Special Acc	10.375	7.76	11.32	Mth
Over £10,000	10.625	7.94	11.61	Mth
Western Trust & Savings Limited — The Moneycentre, Plymouth PL 1SE — 0752 24141				
High Int Chq Acc	10.75	8.04	11.68	Qtr

NOTES—Gross: rate to those exempt from composite rate of tax. Net: actual rate after deduction of CRT. Gr Equiv CAR: Gross equivalent to basic rate taxpayers—compounded annual rate. Int Cr: frequency interest credited.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. * Guernsey gross. # Suspended. ◆ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ◊ Yield column shows annualised rates of NAV increase. xd ex dividend.

TRADITIONAL OPTIONS

3-month call rates

Industrials	p.		p.
Allied-Lyons	28	Marks & Spencer	18
BAT	38	Midland Bk	44
BOC Grp	32	NEI	11
BSR	14	Nat West Bk	70
BTR	45	P & O Dfd	45
Babcock	20	Plessey	20
Barclays	45	Polly Peck	16
Beecham	32	Racal Elect	17
Blue Circle	55	RHM	20
Boots	26	Rank Org Ord	48
Bowaters	30	Reed Intnl	75
Brit Aerospace	48	Sears	12
Brit. Telecom	17	TI	42
Brown (J.)	3	Tesco	30
Burton Ord	32	Thorn EMI	35
Cadburys	17	Trust Houses	12
Charter Cons	22	Turner Newall	18
Comm Union	28	Unilever	120
Courtaulds	26	Vickers	40
Distillers	52	Wellcome	19
FNFC	15	**Property**	
Gen Accident	75	Brit Land	16
Gen Electric	17	Land Secs	30
Glaxo	100	MEPC	32
Grand Met	34	Peachey	24
GUS 'A'	75	Samuel Props	18
Guardian	75	**Oils**	
GKN	32	Brit. Oil & Min	$2\frac{1}{2}$
Hanson Tst	16	Brit Petroleum	48
Hawker Sidd	52	Burmah Oil	30
ICI	50	Charterhall	3
"Imps"	28	Premier	$3\frac{1}{2}$
Jaguar	27	Shell	55
Ladbroke	32	Tricentrol	15
Legal & Gen	32	Ultramar	18
Lex Service	79	**Mines**	
Lloyds Bank	38	Cons Gold	40
Lucas Inds	55	Lonrho	25
	60	Rio T Zinc	50

A selection of Options traded is given on the London Stock Exchange Report Page.

COMMODITIES AND AGRICULTURE

EEC reaches partial sugar deal

BY CANUTE JAMES IN KINGSTON AND ANDREW GOWERS IN LONDON

AFRICAN, Caribbean and Pacific sugar exporters have reached a partial compromise settlement with the EEC on the price of raw cane sugar sold to the Community this delivery year.

Following 10 months of acrimonious negotiations, ministers from the EEC and the ACP group agreed at a weekend meeting in Barbados to a 1.33 per cent increase for sugar to be supplied to Europe under the Lome Convention between this month and June. The increase for sugar already supplied in the first nine months of the delivery year will be 1.15 per cent.

The ACP producers, which have a sales quota of 1.3m tonnes a year, had argued for a 1.33 per cent increase for all the year's shipments on the grounds that this was the increase which the Community had awarded to its domestic producers.

The agreement to raise the price for the last three months of the delivery year will theoretically cost Tate & Lyle, the UK-based sugar refiner which buys most of the ACP exports, between £670,000 and £700,000 extra. But the company will be able to offset all the additional cost as a result of changes in its monetary arrangements allowed by Brussels.

In addition, the producers are expecting to negotiate some compensation with Tate & Lyle for agreeing to a smaller increase for the first nine months. This might incorporate changes in the rules restricting the timing of ACP shipments, for example, but is unlikely to involve cash payments.

The European Commission has also agreed to review the whole question of profit margins in the cane sugar refining business, which are set considerably lower than those for beet sugar. But it is unclear whether this will actually serve to improve Tate's situation.

Apart from Mauritius, the exporters were putting a brave face on the settlement. "In the end perhaps this was the best possible way of resolving the issue," said on Caribbean delegate. "We had argued over this for so long and from such entrenched positions that meeting each other in the middle was clearly the only way out."

However, Mauritius, the group's biggest sugar exporter, reserved judgement on the settlement, saying it needed time to study its implications. As a southern hemisphere producer which therefore ships all its sugar early in the delivery year, it does not stand to gain as much from the agreement as the Caribbean exporters. Its objections to the deal are understood to be serious, and could still create an obstacle to its implementation.

However, there was still some concern in the ACP camp that the group had failed to reassert a fundamental principle, namely that its producers should obtain the same increases as do those in the Community. This issue seems bound to crop up again in negotiations beginning next month over prices for the next delivery year.

"We have always argued that the Community is discriminating if it does not give us the same levels of increase which it gives its domestic producers," said a Caribbean official.

London rubber index futures launched

BY ANDREW GOWERS

LONDON'S rubber trade yesterday launched a futures contract based on a rubber price index in a bid to attract business back from the Far East.

The index, which is based on five grades of rubber traded in Singapore, Kuala Lumpur, Tokyo and London, is intended to replace the London contract in deliverable RSS (ribbed smoked sheet) rubber which ceased trading last November. Unlike its predecessor, however, it will trade on the basis of cash settlement only.

This is London's first futures contract on a commodity price index, though the basic idea of index futures is not new; the Baltic International Freight Futures Exchange, for example, currently offers two freight indices.

Supporters of the new contract hope it will provide a unified hedging medium for an industry which has to cope with a bewildering range of grades and specifications for rubber. It is also designed to take account of the shift in consumer preferences away from RSS rubbers to so-called technically specified varieties (TSRs), which are graded on a more scientific basis.

TSRs have become more popular among US tyre manufacturers, for example, but hedging them against RSS 1 rubber can be risky because prices of the two types of rubber do not always move together.

RSS production has fallen sharply over the past few years, and trading activity has become concentrated in Singapore, close to big producing countries like Malaysia and Indonesia. The London market also suffered from problems with physical deliveries under its previous contract, and these tended to deter speculators from involvement.

Under the cash settlement system, such difficulties will not arise, and the new contract has been framed with investors as well as trade hedgers in mind. Because the rubber index is traded by telephone rather than on a market floor, it should also be relatively simple and inexpensive to run, according to Mr Pat Hecks, secretary of the 32-member London Rubber Terminal Market Association, which has set up the new contract in conjunction with the Rubber Trade Association.

Mr Hecks pointed out the five grades of rubber covered by the index represent the most widely-used varieties. "If you're hedging against the index as a consumer, you're hedging a grade that you're almost certainly using," he said.

However, London will continue to face stiff competition from the Far East. The Singapore market is considering launching a contract in a TSR, probably Standard Malaysian Rubber 20, in the next few months. The Kuala Lumpur Commodities Exchange also recently introduced a futures contract in SMR 20, but trading activity has been thin.

The index market may also suffer from lethargic initial trading conditions during the summer, although officials point to the considerable volatility of rubber prices during the first few months of this year, when the spot index — published since early 1985 — rose from £539 a tonne in early December to £651 in mid-February.

Yesterday, the spot index was quoted at £534 a tonne, and trading volume in the future contract totalled 73 lots.

Trading in the new contract is being cleared through the International Commodities Clearing House, which already provides such services to the London Commodity Exchange among others.

The index is worked out in sterling by the Rubber Trade Association of London on the basis of exchange rate quotations provided by Standard Chartered Bank.

The five grades of rubber involved are:

- ● Rubber Association of Singapore RSS1;
- ● Malaysian Rubber Exchange and Licensing Board SMR CV;
- ● Malaysian Rubber Exchange and Licensing Board SMR 20;
- ● Tokyo Rubber Exchange, RSS 3;
- ● Rubber Trade Association of London 60 per cent Malaysian Centrifugal Latex, in drums.

Brazil rejects quota cut

By Our Commodities Staff

BRAZIL yesterday flatly rejected suggestions that its coffee export quota should be reduced as a result of the drought which has cut its 1986 coffee crop by about half.

On the opening day of an International Coffee Organisation council meeting, Mr Paulo Graciano, president of the Brazilian Coffee Institute, said his country could not accept that current export performances could be used as a criterion for working out market shares in the future.

The current formula for distributing export quotas expires at the end of September, and ICO members need to negotiate a replacement over the next few months. Brazil, which has a world market share of about 30 per cent, is likely to come under pressure to settle for less.

Meanwhile, the US confirmed at yesterday's session that it would remain a member of the International Coffee Agreement, and would seek implementing legislation from Congress to this effect. Its decision to stay in follows an in-depth study by the Reagan Administration.

US to boost cotton sales

BY NANCY DUNNE IN WASHINGTON

ADDITIONAL SUPPLIES of cotton are likely to flow on to the world market as a result of new rules in the 1986 US price support programme announced by the Department of Agriculture late last week.

With cotton export plummeting, USDA is bent on meeting the world price. It announced a formula last week for figuring the world price every week, based on quotations for the preceding week for the five lowest-priced growths quoted for middling (M) 1⅛ inch cotton cif northern Europe. Adjustments will be made each Thursday after 4 pm Eastern Standard Time.

US farmers will be given loan supports of 55c a pound. However, as long as the world price is lower, they will only have to repay the Government 44c a pound. In addition, exporters will be given a subsidy for the difference between the world price and the 44c in the form of a marketing certificate, which can be redeemed for cotton from Government stocks.

It is expected that the Government will have about 9.5m bales of cotton in stocks this summer. About 6m bales can easily be spared for redemption under the scheme. These will enter a world market carrying over 50m bales, about two-thirds of world demand.

World cotton trade has been "lethargic" recently, according to the USDA, reflecting the uncertainty caused by the US cotton programme. US free stocks will drop to the world levels on August 1, and until then, foreign mills may buy only those quantities absolutely necessary to their operation, the USDA said.

The USDA is estimating world production for 1985-86 at 77.5m bales, down 11 per cent from last year's record crop.

Most of the decline is in foreign production. Lower output is expected this year in China, more than offsetting increases forecast for India, Pakistan and a number of smaller producing countries.

A USDA official said the lower US price of cotton will boost the prospects of the American textile industry. Foreign raw cotton has been limited by import quotas, so US mills may now buy American cotton competitive with manmade fibres, and the resulting products may be better able to compete with foreign textiles.

Tea demand good

By Our Commodities Staff

DEMAND at yesterday's weekly London tea auction was described as "fairly good" by the Tea Brokers' Association, with the average price of medium-quality teas steady at 152p a kilo and that of low mediums slightly lower at 105p against 108p last week.

Quality teas averaged 190p compared with a nominal average of 198p last week, but dealers said this was more a reflection of a change in the variety of teas available than an accurate indicator of price trends.

Among the 677 lots on offer, brighter Assams were mostly higher, plainer sorts generally lower.

LONDON METAL EXCHANGE WAREHOUSE STOCKS
(Changes during week ending last Friday)

	(tonnes)
Aluminium	−3,425 to 150,175
Copper	−1,450 to 132,875
Lead	−200 to 65,300
Nickel	−434 to 4,132
Tin	−1,015 to 60,995
Zinc	+7,950 to 48,025
	(ounces)
Silver	+34,000 to 38,778,000

The long winter of discontent

FARMER'S VIEWPOINT

By John Cherrington

THE LAST 12 months have been among the most difficult for farming of any sequence I can remember. The 1985 spring was late and cold, and then the summer was sunless and wet—most inimical to grazing and cereal development. I had the worst lamb fattening season for years and grain yield and quality were both rock bottom. Autumn sowing was not too bad, but was followed by an eight week drought which prevented the development of many crops and delayed germination of others. January was wet and mild and I began to feel more hopeful. But the February cold spell was only slightly relieved in March, and until last Saturday April had been more like a normal February than a harbinger of spring.

The result is that there is almost nothing good to say about the state of any crops and stock, and I believe the situation is much the same throughout the UK. Even in the south west of England only areas within a few miles of the sea like the South Hams of Devon show any sign that spring is less than a month late. During a journey to Cornwall 10 days ago I saw no cows grazing the pastures and the sheep seemed to be having a job to find enough grass to keep their lambs going.

Quite a large area of the wheat sown last autumn seems to have doubtful prospects. This is particularly so on some of the lighter soils. I had one 14-acre field which came out of the frost very thin, but in spite of a dressing of nitrogen seemed to be actually getting even thinner. Last week I lost patience, ploughed it up and resowed it with barley.

The autumn sown barley does appear to have wintered a little better than wheat, and the best developed crops I have seen are of this species. They are usually sown first and may have had a better start before the drought set in. The varieties commonly used originated around the Baltic and I can only conclude that they are well to the conditions. I planted none this time, as they have seemed in the past to be very vulnerable to a dry spring which is the usual problem at this time of year.

My spring sowing has been a very hit and miss affair. It started about March 6. The first shoots appeared exactly four weeks later—a good two weeks longer in emerging than I would have expected in a normal spring. However, once up, the first field is growing well and is a welcome contrast to the wheat, which seems to have been standing still for weeks. In this case, I am able to accept the hindrances of constant storms which make cultivation impossible, because I believe there is now enough moisture in the soil to give the barley a good start should the temperature ever rise.

The lack of warmth is holding back the grass, and I am feeding the ewes heavily to make sure the lambs get as much milk as possible. Sheep in general thrive on short grass but it needs to have more life in it than is apparent at the moment. The drought and frost killed 50 acres of autumn sown grass which would have produced a lot of good early feed in a normal year. So I am relying on permanent pasture which is generally not quite so productive but certainly more winter hardy.

This situation has been compounded by a very heavy lamb crop probably due to the dry conditions when the ewes were mated and their generally thriving condition at the time. Thanks to the wet 1985 summer, most dairy farmers have good stocks of silage to see them through, but some have told me that their timetable for silage making this year looks like being set back quite badly.

There must be a question mark over oilseed rape. Some crops have survived the winter quite well but in others there are large areas of brown frosted material from which new growth is emerging very slowly indeed. I saw some last week which I would have ploughed up, but the farmer said that with 20 plants to the square metre he was told that he should be all right. One of the benefits of the heavy seed rates fashionable these days is that you can afford to lose a fair few plants and still get a crop.

Potato planting both for earlies and main crop has been much delayed and this is reflected in potato futures, which has been an exception among the mostly moribund UK commodity markets. It is showing signs of life as traders believe there may be a shortage next April and May.

But although the winter and spring have been difficult and expensive, and the crops are all backward, it is far too soon to make a judgment as to the performance of farming in 1986. The wheat crop is problematical but the damage that can be seen on the lighter land could even now be more apparent than real, and the affected acreage not very large.

Now that dairy farmers are over quota they will not lose much sleep if the customary spring flush does not happen immediately. Nor will the annual flush of fat lambs come quite so soon in late May and early June. This is particularly frustrating because New Zealand early lambs have been held back by a strike, they will probably arrive just when our surge of output is at its strongest in July.

It really is all a matter of temperature. A fortnight at 65F to 70F starting now would make an enormous difference both to growth and to this farmer's peace of mind. I still put my faith in the British climate, in spite of which I have survived farming for more than 50 years.

LONDON MARKETS

STERLING'S firmness against the dollar put most metal prices under pressure on the London Metal Exchange yesterday. Cash higher grade copper dropped £6.50 to close at £925 a tonne, while lead, which has been declining steadily for the past few weeks under the influence of chronic over-supply, reached a new 10-year low of £237.75 a tonne (cash), down £2.75. This is more than £25 lower than its level at the turn of the year. On the London Commodity Exchange, cocoa futures tumbled to a new three-year low during the day, but edged upwards in late trading to close £18.50 down from Friday at £1,318.50 a tonne in the July position. Dealers said both the fundamental and the technical outlook remain bearish, with West African producers continuing to sell cocoa into a declining market. Robusta coffee futures eased in quiet trading to close in the July position at £2,287.50 a tonne, down £31.50 on the day.

LME prices supplied by Amalgamated Metal Trading.

ALUMINIUM

Official closing (am): Cash 754-5 (758-8.5), three months 748-8.5 (754-5), settlement 755 (758.5). Final Kerb close: 753-4.

	Unofficial close (p.m.) £ per tonne	+ or −	High/low
Cash	758-9	−4	755
3 months	751-2	−7	755/747.5

Turnover: 15,200 tonnes.

COPPER

Official closing (am): Cash 929-9.5 (928-8.5), three months 943-3.5 (943-3.5), settlement 929.5 (928.5). Final Kerb close: 935-6.5.

Higher grade	Unofficial close	+ or −	High/low
Cash	924.5-5.5	−6.5	929/928
3 months*	937.5-8.5	−6.5	945/936.5

* Grade "A"

Official closing (am): Cash 926-8 (925-7), three months 935-7 (938-41), settlement 928 (927).

Cathodes			
Cash	920-3	−3	
3 months*	931-2	−3.5	

* Standard

Turnover: 45,000 tonnes. US Producer prices 68.50-72 cents per pound.

LEAD

Official closing (am): Cash 238-9.5 (240-40.5), three months 248.5-8.75 (247.5-8), settlement 239.5 (240.5). Final Kerb close: 243.

	Unofficial close (p.m.) £ per tonne	+ or −	High/low
Cash	237.5-8	−2.75	
3 months	245-6	−2.5	247/243

Turnover: 6,025 tonnes. US Spot: 18.50-20 cents per pound.

TIN

KUALA LUMPUR TIN MARKET: Close 14.61 (14.66) ringgit per kg. Down 0.04 ringgit per kg.

NICKEL

Official closing (am): Cash 2595-600 (2620-30), three months 2640-1 (2680-4), settlement 2600 (2630). Final Kerb close: 2610-20.

	Unofficial close (p.m.) £ per tonne	+ or −	High/low
Cash	2585-90	−37.5	
3 months	2603-5	−31	2654/2603

Turnover: 1,404 tonnes.

ZINC

Official closing (am): Cash 430-30.5 (432-3.5), three months 441-3 (444.5-5), settlement 430.5 (433.5). Final Kerb close: 435-6.

High grade	Unofficial close £ per tonne	+ or −	High/low
Cash	424.5-5.5	−7.75	430.5/430
3 months	436-6.5	−7.25	443/435

Turnover: 3,150 tonnes. US Prime Western: 33-33.75.

GOLD

Gold fell $¾ to $344½-345 on the London bullion market yesterday. The metal opened at the day's peak of $345-345½, and was fixed at $344.40 in the morning and $343.15 in the afternoon. The metal touched a low of $342¾-343, reflecting weakness in New York, which was reversed before the London close. The depressed dollar had little influence on the market.

GOLD BULLION (fine ounce) April 25

Close	$344½-345	(£221¼-221¾)
Opening	$345-345½	(£221½-221¾)
M'n'g fix	$344.40	(£222.041)
Aft'n'n fix	$343.15	(£221.516)

GOLD AND PLATINUM COINS

Kr'g'rnd	[illegible]	[illegible]
½ Krug.	[illegible]	[illegible]
¼ Krug.	[illegible]	[illegible]
1/10 Krug.	[illegible]	[illegible]
Mapleleaf	[illegible]	[illegible]
Angel	[illegible]	[illegible]
1/10 Angel	[illegible]	[illegible]
New Sov.	[illegible]	[illegible]
½ New Sov.	[illegible]	[illegible]
Old Sov.	[illegible]	[illegible]
$20 Eagle	[illegible]	[illegible]
Noble Plat	[illegible]	[illegible]

SILVER

Silver was fixed 1.05p an ounce lower for spot delivery in the London bullion market yesterday at 330.0p. US cent equivalents of the fixing levels were: spot 508.6c, up 2.45c; three-month 517.25c, up 2.45c; six-month 526.2c, up 3.35c; and 12-month 542.85c, up 2.85c. The metal opened at 329-330½p (510-513c) and closed at 327-328½p (508-510c).

SILVER per troy oz	Bullion Fixing Price	+ or −	L.M.E. p.m. Unofficial	+ or −
Spot	330.00p	−1.05	326.5p	−4
3 months	335.90p	−1.00	334.5p	−3
6 months	345.55p	[illegible]	—	
12 months	359.90p	[illegible]	—	

LME—Turnover: 30 (1) lots of 10,000 ozs.

Three months high 338p, low 334p, final kerb 335-6p.

RUBBER

PHYSICALS — The London market opened easier, attracted very little interest throughout the day and closed quiet and easier, reports Lewis and Peat. Closing prices (buyers): spot 54.50p (55.00p); June 52.75p (54.25p); July 52.75p (54.25p). The Kuala Lumpur fob price (Malaysian cents per kg): RSS No. 1 was 187.0 (188.0) and SMR 20 182.5 (182.0).

FUTURES — Index 534. June 515-530, July-Sept 515-530, Oct-Dec 516-519, Jan-March 525-528, April-June 543-545, July-Sept 545-560. Sales: 73.

COTTON

LIVERPOOL—Spot and shipment sales for the week commencing April 21 amounted to 472 tonnes against 359 tonnes for the previous week. Fair operations with interest in Colombian and Pakistani varieties.

INDICES

REUTERS

Apr. 28	Apr. 25	M'th ago	Year ago
1781.8	1783.5	1791.9	1877.1

(Base: September 18 1931 = 100)

DOW JONES

Dow Jones	April 28	April 25	Month ago	Year ago
Spot	129.37	128.91	—	116.80
Fut.	124.90	124.37	—	123.07

(Base: December 31 1931 = 100)

MAIN PRICE CHANGES

In tonnes unless otherwise stated.

	Apr. 28 1986	+ or −	Month ago
METALS			
Aluminium	[illegible]	[illegible]	[illegible]
Free Market	[illegible]	[illegible]	[illegible]
Copper			
Cash h grade	[illegible]	[illegible]	[illegible]
3 mths	[illegible]	[illegible]	[illegible]
Gold Troy oz	[illegible]	[illegible]	[illegible]
Lead Cash	[illegible]	[illegible]	[illegible]
3 mths	[illegible]	[illegible]	[illegible]
Nickel	[illegible]	[illegible]	[illegible]
Free Mkt	[illegible]	[illegible]	[illegible]
Palladium oz	[illegible]	[illegible]	[illegible]
Platinum oz	[illegible]	[illegible]	[illegible]
Quicksilver†	[illegible]	[illegible]	[illegible]
Silver troy oz	[illegible]	[illegible]	[illegible]
3 mths	[illegible]	[illegible]	[illegible]
Tin	[illegible]	[illegible]	[illegible]
free mkt	[illegible]	[illegible]	[illegible]
Tungsten	[illegible]	[illegible]	[illegible]
Wolfram 22.04lb	[illegible]	[illegible]	[illegible]
Zinc	[illegible]	[illegible]	[illegible]
3 mths	[illegible]	[illegible]	[illegible]
producers	[illegible]	[illegible]	[illegible]
OILS			
Coconut (Phil)	[illegible]	[illegible]	[illegible]
Palm Malayan	[illegible]	[illegible]	[illegible]
SEEDS			
Copra Phil	[illegible]	[illegible]	[illegible]
Soyabean (U.S.)	[illegible]	[illegible]	[illegible]
GRAINS			
Barley Fut. Sept	[illegible]	[illegible]	[illegible]
Maize	[illegible]	[illegible]	[illegible]
Wheat Fut. July	[illegible]	[illegible]	[illegible]
No. 2 Hard Wint.	[illegible]	[illegible]	[illegible]
OTHERS			
Cocoa Ft. July	[illegible]	[illegible]	[illegible]
Coffee Ft. July	[illegible]	[illegible]	[illegible]
Cotton A Ind.*	[illegible]	[illegible]	[illegible]
Gas Oil June	[illegible]	[illegible]	[illegible]
Rubber (kilo)	[illegible]	[illegible]	[illegible]
Sugar (raw)	[illegible]	[illegible]	[illegible]
Wooltops 64s	[illegible]	[illegible]	[illegible]

§ Unquoted. † Per 75 lb flask. c Cents a pound. v May. y April-May. w June. z May-June. x July. * Cotton outlook.

MEAT

Pigmeat prices remained unchanged despite good hedge selling interest, reports Eastern Capital-CCST.

PIGMEAT Month	Y'days close	+ or −	BEEF Y'days close	+ or −
May	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]

Pigmeat sales: 55 (0) lots of 50 carcases, 3,250 kg. Beef sales: 20 (9) lots of 20 sides.

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 98.81p per kg lw (+0.27). GB—Sheep 276.16p per kg est dcw (+7.41). GB—Pigs 77.34p per kg lw (−0.77).

COCOA

Opening as due futures traded thereafter in reasonable active conditions. Generally, consumers were reluctant to re-enter the market, but some light producer selling was noted, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or −	Business Done
	£ per tonne		
May	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]

Sales: 3,759 (4,580) lots of 10 tonnes.

ICCO indicator prices (US cents per pound). Daily price for April 28: 89.02 (88.46); five-day average for April 29: 91.88 (92.65).

COFFEE

COFFEE	Yesterday's Close	+ or −	Business Done
May	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]
Nov	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]

Sales: 3,172 (4,031) lots of 5 tonnes.

ICO indicator prices (US cents per pound) for April 25: Comp. daily 1979 194.77 (197.32); 15-day average 190.88 (190.47).

SOYABEAN MEAL

	Latest close	+ or −	Business Done
	£ per tonne		
June	[illegible]	[illegible]	[illegible]
August	[illegible]	[illegible]	[illegible]
October	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]
April	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]

Sales: 104 (21) lots of 20 tonnes.

GRAINS

Old crops traded nervously, steadying from morning lows to finish on the highs. New crops fell on hedge selling and renewed export activity to finish on a steady note, reports T. G. Roddick.

Mnth	WHEAT Yesterday's close	+ or −	BARLEY Yesterday's close	+ or −
May	117.75	+0.90	112.00	—
July	118.25	+1.50	—	—
Sept	99.55	−0.05	98.00	+0.10
Nov	102.55	−0.05	101.00	+0.10
Jan	105.35	−0.05	104.05	+0.05
Mar	108.00	−0.05	107.25	+0.05

HGCA — Locational ex-farm spot prices. Feed barley: E. Mids 113.10, Scotland 112.60. The UK Monetary coefficient for the week beginning Monday May 5 (based on HGCA calculations using four days' exchange rates) is expected to be unchanged.

LONDON GRAINS—Wheat: US dark northern spring No 1 15 per cent May 124.25, June 116.50 transhipment east coast. US No 2 soft red winter July 89.75. EC April 136.75. English feed fob May 121, June 122, Sept 100.75, Oct-Dec 106.50, Jan-Mar 111.50. Maize: US No 3 yellow/French transhipment east coast April 143.25.

GAS OIL FUTURES

Month	Latest close	+ or −	Business Done
	$ US per tonne		
May	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]
Nov	[illegible]	[illegible]	[illegible]

Turnover: 5,231 (3,362) lots of 100 tonnes.

US MARKETS

PRECIOUS METALS closed mixed around unchanged levels with silver continuing to attract the most negative sentiment on technical factors and breaking through recent support levels in thin volume. A largely non-committal performance on the oil markets saw early gains taken back following an unsuccessful attempt at technical resistance levels. Copper weakened in line with further selling in London. Cocoa lost further ground to hit contract lows, as spill-over selling triggered stops on the downside. Rumours of increased offerings from the Ivory Coast persisted and depressed the market further. Sugar suffered a setback with disappointed liquidation on the lack of physical news cited as the main factor. A tone of caution prevailed on the coffee market, as a weaker show in London appeared to dampen much of the enthusiasm of the previous week.

HEATING OIL 42,000 US gallons, cents/US gallons — [illegible]

PLATINUM 50 troy oz, $/troy oz — [illegible]

SILVER 5,000 troy oz, cents/troy oz — [illegible]

SUGAR WORLD "11" 112,000 lbs, cents/lb — [illegible]

NEW YORK

ALUMINIUM 40,000 lb, cents/lb — [illegible]

COCOA 10 tonnes, $/tonnes — [illegible]

COFFEE "C" 37,500 lb, cents/lb — [illegible]

COPPER 25,000 lb, cents/lb — [illegible]

COTTON 50,000 lbs, cents/lb

	Close	High	Low	Prev
May	66.05	66.20	65.60	65.75
July	65.64	65.85	65.16	65.40
Oct	36.26	36.40	36.15	36.06
Dec	36.51	36.70	36.40	36.38
March	37.55	37.57	37.50	37.45
May	38.35	38.55	38.30	38.40
July	39.10	—	—	39.30
Oct	39.62	40.50	—	40.60

CRUDE OIL (LIGHT) 42,000 US gallons, $/barrels

	Close	High	Low	Prev
June	13.45	13.95	13.26	13.39
July	13.10	13.55	12.95	13.19
Aug	12.90	13.40	12.80	13.04
Sept	12.90	13.45	13.00	13.10
Oct	13.05	13.51	13.05	13.17
Nov	13.30	13.60	13.35	13.24
Dec	13.15	13.80	13.00	13.31
Jan	13.35	13.55	13.50	13.36
Feb	13.55	13.65	13.60	13.41
March	13.50	13.80	13.50	13.46

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
April	343.9	344.2	342.5	344.2
May	344.0	343.8	343.8	344.8
June	345.8	346.7	344.2	346.2
Aug	349.0	350.4	347.7	349.5
Oct	352.2	352.6	351.6	352.7
Dec	355.7	356.7	354.7	356.2
Feb	359.5	360.0	360.0	360.0
April	362.8	367.8	367.8	363.3
June	366.4	—	—	366.9
Aug	370.3	370.2	369.5	370.8
Oct	374.2	374.0	374.0	374.7
Dec	378.3	378.5	378.0	378.8
Feb	382.7	383.5	383.5	383.2

ORANGE JUICE 15,000 lb, cents/lb

	Close	High	Low	Prev
May	90.40	90.65	90.30	90.80
July	91.20	91.70	91.20	91.80
Sept	90.20	90.70	90.40	90.90
Nov	90.40	90.70	90.70	90.80
Jan	90.70	91.00	90.75	91.10
March	91.20	91.70	91.25	91.60

CHICAGO

LIVE CATTLE 40,000 lbs, cents/lbs — [illegible]

LIVE HOGS 30,000 lbs, cents/lbs — [illegible]

MAIZE 5,000 bu min, cents/56 lb-bushel — [illegible]

PORK BELLIES 38,000 lbs, cents/lbs — [illegible]

SOYABEANS 5,000 bu min, cents/60 lb-bushel

	Close	High	Low	Prev
May	527.4	527.4	526.0	526.8
July	528.6	526.0	521.0	522.6
Aug	522.2	522.4	518.4	519.2
Sept	511.4	511.4	508.0	510.4
Nov	508.6	510.0	504.6	507.4
Jan	518.4	518.4	514.0	516.4
March	527.4	527.4	523.0	525.0
May	532.0	532.0	527.4	529.4
July	535.0	535.0	531.0	532.4

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low	Prev
May	152.3	152.5	152.1	152.7
July	152.1	152.6	152.1	152.8
Aug	152.0	152.6	152.0	152.8
Sept	150.7	150.8	150.2	150.9
Oct	148.3	148.5	147.7	148.4
Dec	149.7	149.7	149.8	149.6
Jan	151.0	151.0	150.4	151.1
March	151.0	—	—	151.1
May	153.5	—	—	153.5

SOYABEAN OIL 60,000 lbs, cents/lbs

	Close	High	Low	Prev
May	17.04	17.15	16.95	17.15
July	17.39	17.51	17.30	17.53
Aug	17.54	17.62	17.47	17.65
Sept	17.57	17.65	17.50	17.67
Oct	17.57	17.62	17.50	17.65
Dec	17.92	17.95	17.82	17.98
Jan	18.05	18.05	18.00	18.05
March	18.35	18.35	18.30	18.30
May	18.57	—	—	18.50

WHEAT 5,000 bu min, cents/60 lb-bushel

	Close	High	Low	Prev
May	295.4	298.0	287.2	289.0
July	260.6	261.0	252.4	253.6
Sept	261.6	262.0	252.4	254.4
Dec	268.0	268.0	260.2	261.2
March	265.0	265.0	258.4	258.6
May	252.0	252.0	251.4	248.4

SPOT PRICES — Chicago loose lard 11.00 (same) cents per pound. Handy and Harman silver bullion 504.5 (513.0) cents per troy ounce.

SUGAR

LONDON DAILY PRICE—Raw sugar $205.50 (£133.00), up $6.00 (up £3.00) a tonne for April-May delivery. White sugar $223.50, up $6.00.

Reports of further buying interest from India kept prices seady around $195, basis Ocober, repors C. Czarnikow.

No. 6 Contract	Yesterday close	Previous close	Business done
	$ per tonne F.O.B.		
May	189.0-186.4	185.0-186.8	192.0-183.4
Aug	192.5-155.0	190.8-151.8	195.5-190.8
Oct	193.8-194.0	192.0-192.8	197.2-192.0
Dec	196.8-199.6	197.0-197.4	—
Mar	200.0-200.8	198.8	207.8-200.0
May	203.0-204.8	201.2	—
Aug	207.0-208.8	205.2	—

Sales: 2,626 (1,363) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis sugar was $238.00 a tonne for export.

International Sugar Agreement—(US cents per pound fob and stowed Caribbean ports.) Prices for April 25: Daily price 8.22 (8.04); 15-day average 8.25 (8.26).

PARIS—(FFr per tonne): Aug 1,546-1,548, Oct 1,559-1,565, Dec 1,570-1,590, March 1,606-1,615, May 1,635-1,655, Aug 1,675-1,690.

OIL

Trade in the Brent market was negligible with most deals done on an exchange basis for June/July barrels. Nymex WTI opened 26c up for June following Friday's bullish close and stimulated by US gasoline demand, and traded with a 35c range during the morning. In the petroleum products market gasoline and naphtha were bid higher on Scandinavian and French interest. Gas oil cargoes firmed in north west Europe on sustained prompt buying interest. Fuel oil was unchanged in thin trading—Petroleum Argus, London.

SPOT PRICES

	Latest	Change + or −
CRUDE OIL—FOB ($ per barrel)—May		
Arab Light	—	—
Arab Heavy	—	—
Dubai	9.85-9.95*	+0.40
Brent Blend	12.75-12.80	+1.025
W.T.I. (1pm est)	13.30-13.35*	n/a
Forcados (Nigeria)	—	—
Urals (cif NWE)	—	—
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	174-178	+5.5
Gas Oil	158-170	+2
Heavy fuel oil	55-57	—
Naphtha	134-136	+7.5

* June.

Petroleum Argus estimates

POTATOES

Nearby May continued the upward trend, rising o £185 on the opening before easing back. New crops opened under keen selling pressure, falling up to £7.50 before some recovery was seen. The closing tonne was barely steady, reports Coley and Harper.

Month	Latest close	Previous close	Business done
	£ per tonne		
May	180.00	176.00	185.00-178.00
Nov	97.50	100.90	98.00-95.50
Feb	106.00	109.80	108.00
Apr	131.00	135.50	135.00-129.00
May	144.00	147.00	142.00-141.00

Sales: 1,129 (1,398) lots of 40 tonnes.

Earlies—July 107.00, −9.00, 110.00; Aug 87.50, −7.50; Sept 80.00, −10.00. Sales: 7 lots of 10 tonnes.

FREIGHT FUTURES

Dry cargo futures remained unchanged in moderately active trading conditions. Tanker futures rose in quiet conditions, against a stable physical background, reports Clarkson Wolff.

	Close	High/Low	Prev.
	Dry Cargo		
April	664/667	667	665/666
July	631/632	632/630	632/635
Oct.	722/725	724/721	723/725
Jan.	733/736	733/730	732/736
April	785/790	790	788/790
July	710/716	710	710/715
Oct.	795/798	795	790/795
Jan.	799/820	795.5	850
BFI.	664.0	—	667.0

Turnover: 158 (136).

	Close	High/Low	Prev.
	Tankers		
Apr.	885/909	890/880	880/890
May	820/880	860	820/900
June	840/875	845	840/845
BTI	910.5	—	899.0

Turnover: 39.

● About 30 nickel producer and user nations began a week of talks on establishing an international study group to monitor the world nickel market.

The organisation will watch the world market continuously and to provide better statistics on production, stocks, trade and consumption.

It will also serve as a forum for consultations and exchanging information, but will have no role in stabilising the market.

Agreement to set up an autonomous inter-governmental body was reached in Geneva last November.

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar down despite support

The dollar traded nervously, falling to another record closing low against the Japanese yen, to the lowest for five years in terms of the D-mark, and the weakest since January 1982 against the Swiss franc. Sentiment continued to point towards a weaker dollar, largely on conviction that the Reagan Administration wishes to see a further orderly decline. But the market was nervous ahead of the seven-nation summit in Tokyo next weekend. Small scale purchases of dollars by the German Bundesbank and Bank of Japan added to the uncertain moods. Trading is likely to remain patchy, with Tokyo closed today for a public holiday, several European centres closed on Thursday for May Day, and an approaching long weekend in the UK.

The dollar fell to DM 2.1640 from DM 2.1810; to FFr 6.8975 from FFr 6.9475; to SFr 1.8060 from SFr 1.8215; and to Y167.15 from Y168.15. On Bank of England figures the dollar's index fell to 113.2 from 114.1, the lowest since May 1982.

STERLING—Trading range against the dollar in 1986 is 1.5555 to 1.3770. March average 1.4481. Exchange rate index rose 0.5 to 76.4, the day's high, after touching an early low of 75.9. Six months ago the index was 80.6.

£ IN NEW YORK

Sterling gained 1½ cents to close at $1.5550-1.5560, the highest level against the dollar since June 1983. Against a background of slightly firmer London interest rates, and rising oil prices, the pound also advanced to DM 3.3650 from DM 3.3550; to FFr 10.73 from FFr 10.6550; to SFr 2.8125 from SFr 2.8025 and to Y260 from Y258.50.

D-MARK — Trading range against the dollar in 1986 is 2.4710 to 2.1640. March average 2.2577. Exchange rate index 136.3 against 127.8 six months ago.

The Bundesbank bought dollars on the open market in Frankfurt yesterday. Mr Karl Otto Poehl, president of the Bundesbank, confirmed the intervention, but would not comment on market estimates that the central bank bought $50m to $200m. Dealers commented that at such a level the buying of dollars could have been merely a commercial transaction, and not an attempt to support the US currency. There was no intervention at the Frankfurt fixing, when the dollar fell to DM 2.1713 from DM 2.2050. In early trading the dollar fell to DM 2.1520, but rose to DM 2.1880 on reports the German central bank was in the market, before slipping back ahead of the fixing. At the Frankfurt close the dollar had fallen to DM 2.1700 from DM 2.1945.

JAPANESE YEN — Trading range against the dollar in 1986 is 202.70 to 167.15. March average 178.65. Exchange rate index 202.7 against 171.1 six months ago.

The yen improved against the dollar in Tokyo. Dealers suggested the Bank of Japan bought dollars, after the US currency fell to an early low of Y167.06. Intervention was probably not on a large scale, but was enough to keep the market nervous for the rest of the day. The dollar fell to Y167.25 from Y170.20, and weakened further to Y166.85 after hours in Tokyo. Dealers were cautious of attacking the dollar too hard ahead of the summit meeting, beginning in Tokyo next weekend, and before today's national holiday in Japan. Mr Nobou Takeshita, Japanese Finance Minister, said he hoped to hold talks on currency problems, with the other six nations, before the summit.

CURRENCY MOVEMENTS

April 25	Bank of England Index	Morgan Guaranty Change %
Sterling	76.4	−15.0
U.S. dollar	113.2	+4.6
Canadian dollar	78.4	−12.0
Austrian schilling	127.1	+7.3
Belgian franc	95.9	−6.9
Danish Krone	85.3	−1.1
Deutsche mark	136.3	+15.1
Swiss franc	158.8	+16.9
Guilder	126.5	+9.3
French franc	69.8	−13.1
Lira	46.6	−17.7
Yen	202.7	+49.2

Morgan Guaranty changes: average 1980-1982=100 Bank of England Index (base average 1975=100).

CURRENCY RATES

April 28	Bank rate %	Special Drawing Rights*	European Currency Unit
Sterling	—	0.753198	0.640108
US $	6½	1.17957	0.989887
Canadian $	9.27	*	1.36671
Austria Sch	4	17.9864	15.1064
Belgian Fr	8¾	52.2313	43.8032
Danish Kr	7	9.46805	7.95387
D'mark	3½	2.56077	2.14725

* CS/SDR rate for April 25: 1.61847.

FINANCIAL FUTURES

Late recovery

Prices recovered from early levels in the London International Financial Futures Exchange yesterday in nervous trading. Uncertainty in the market was highlighted in the Euro-dollar sector by an early shift from June to September, with both contracts recording volume just either side of 3,000 lots. Part of the early shift reflected fears that the US authorities might allow a small increase in cash rates to support the dollar.

While conceding that the pace of the dollar's recent decline had created some uncertainty, others in the market ruled out a rise in rates as unlikely simply because the US economy continues to show little sign of recovery. The June contract opened at 93.12 and touched a low of 93.08 before recovering to close at 93.19 compared with 93.20 on Friday.

Chart and resistance point trading seemed to govern much of the trading in US Treasury bonds. After opening at 98.24 for June delivery, values slipped to a low of 98.09 before fresh buying developed to push it up to 99.15. Early trading in Chicago saw good support for the contract at this level and it rose steadily to a day's high of 99-13 before finishing at 99-09 after 99-14 on Friday.

THREE-MONTH EURODOLLAR (IMM)
$1m points of 100%

	Latest	High	Low	Prev
June	93.19	93.20	93.09	93.07
Sept	93.18	93.19	93.07	93.04
Dec	93.06	93.07	92.93	92.80
March	92.85	92.86	92.72	92.67
June	92.62	92.62	92.49	92.43
Sept	92.40	92.40	92.29	92.19
Dec	92.17	92.18	92.04	91.97
March	—	91.97	91.83	91.77

STERLING INDEX

	April 28	Previous
8.30 am	76.0	76.6
9.00 am	75.9	75.6
10.00 am	76.1	76.5
11.00 am	76.3	76.4
Noon	76.2	76.4
1.00 pm	76.2	76.4
2.00 pm	76.2	76.2
3.00 pm	76.2	76.1
4.00 pm	76.4	75.9

EMS EUROPEAN CURRENCY UNIT RATES

	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	+0.29	+0.41	±1.5388
Danish Krone	+0.44	+0.56	±1.6408
German D-Mark	+0.42	+0.54	±1.1202
French Franc	−1.64	−1.52	±1.3701
Dutch Guilder	+0.60	+0.72	±1.5081
Irish Punt	−0.96	−0.84	±1.6669
Italian Lira	−1.40	−1.40	±4.0788

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

MONEY MARKETS

UK rates finish slightly firmer

Interest rates were slightly firmer in London yesterday as the prospects of an early cut in clearing bank base rates receded. The market was faced with a smaller than expected shortage although today's shortage is expected to be over £1bn, while the market remained slightly bullish overall on the next move in base rates, the Bank of England's successful attempts to deter another immediate cut together with next month's banking figures, which are expected to be bad, tended to unsettle the market a little.

Three-month interbank money was quoted at 10⅛-10¼ per cent compared with 10¼-10⅛ per cent. Overnight interbank money touched a high of 11½ per cent before easing to 8¼ per cent. Late balances were taken at 9 per cent.

The Bank of England forecast a shortage of around £900m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £1,804m. These were partly offset by Exchequer transactions which added £585m and a fall in the note circulation of £320m. In addition banks brought forward balances £120m above target. The Bank offered an early round of assistance which resulted in outright purchases of £87m of eligible bank bills, £25m in band 2 at 10⅛ per cent, £12m in band 3 at 10⅛ per cent and £50m in band 4 at 10⅛ per cent.

The forecast was revised to a shortage of around £750m before taking into account the early help and the Bank gave additional assistance in the morning of £404m. This comprised purchases of £4m of Treasury bills and £18m of eligible bank bills in band 1 at 10¼ per cent and £256m of eligible bank bills in band 2 at 10⅛ per cent. In band 3 it bought £18m of local authority bills and £128m of eligible bank bills at 10¼ per cent and in band 4 £35m of Treasury bills and £34m of eligible bank bills at 10⅛ per cent.

The forecast was revised once more, this time to a shortage of around £850m and the Bank gave additional assistance in the afternoon of £354m. This comprised purchases of £14m of local authority bills and £214m of eligible bank bills, all at 10⅛ per cent and in band 3 £119m of eligible bank bills at 10⅛ per cent. In band 4 it bought £7m of eligible bank bills at 10⅛ per cent. Total help was £917m.

UK clearing banks base lending rate 10½ per cent since April 21

FT LONDON INTERBANK FIXING

NEW YORK RATES

LONDON MONEY RATES

MONEY RATES

£ WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on April 28, 1986. In some cases rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on US dollar parities and going sterling-dollar rates; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rates; (cm) commercial rate; (ch) convertible rate; (fn) financial rate (exC) exchange certificate rate; (nc) non commercial rate; (nom) nominal; (o) official rate; (sg) selling rate; (c) controlled rate; (u) unified rate.

COUNTRY	CURRENCY	VALUE OF £ STERLING
Afghanistan	Afghani	99.00
Albania	Lek	10.32
Algeria	Dinar	7.47
Andorra	French Franc	10.73
	Spanish Peseta	213.78
Angola	Kwanza	43.8030
Antigua	E. Caribbean $	4.20
Argentina	Austral	1.3007
Aruba	Florin	2.80 (18)
Greenland	Danish Kroner	12.4525
Grenada	E. Caribbean $	4.20
Guadaloupe	Local Franc	10.73
Guam	U.S. $	1.5555
Guatemala	Quetzal	1.5555
Guinea	Franc	528.87 (19)
Guinea-Bissau	Peso	265.18
Guyana	Guyanese $	6.0020
Peru	Inti	exe(A)21.58(16)
Philippines	Philippine Peso	30.75
Pitcairn Islands	£ Sterling	—
	New Zealand $	2.6426
Poland	Zloty	254.0
Portugal	Portuguese Escudo	222.0
Puerto Rico	U.S. $	1.5555

Legal Notices

IN THE MATTER OF HIGHERPLANT LIMITED AND IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 12th day of May, 1986, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned

Company Notices

ENGELS-HOLLANDSE BELEGGINGS TRUST N.V. (English and Dutch Investment Trust) Established in Amsterdam

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Shareholders will be held on Tuesday 20th May 1986 at 14.30 hours at the offices of the Company, Keizersgracht 674, Amsterdam. Shareholders wishing to attend the general meeting of the Company must deposit their shares not less than seven days before the meeting with Hollandse

Clubs

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1986 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
100¼	99⅛	Treas 12pc 1986	100⅛		11.98	10.40
99⅝	98¼	Treas 8¾pc 1984-86‡‡	99⅝		8.53	10.43
102¼	100½	Exch 14pc 1986	102xd		13.73	9.78
98	94⅞	Exch 2½pc 1986	97¾xd	+⅛	2.56	6.63
102⅞	100⅝	Exch 13¼pc 1987	102⅛		12.90	9.29
100⅞	97⅜	Treas 10¼pc Cv '87	100⅝		10.19	9.33
96⅞	92⅝	Exch 2½pc 1987	96½		2.59	6.92
101⅝	97½	Exch 10½pc 1987	101⅛	−⅛	10.39	9.26
98⅝	93⅝	Funding 6½pc '85-87‡‡	98¼xd		6.62	8.35
101½	96½	Treas 10pc 1987	100⅝	−⅛	9.94	9.37
95⅞	90⅝	Treas 3pc 1987	95½	+⅛	3.14	6.94
104½	99⅝	Treas 12pc 1987	104⅛xd	−⅛	11.53	9.05
99¼	92⅞	Treas 7¾pc 1985-88‡‡	98¾		7.85	8.47
104	96⅝	Exch 10½pc '88	103⅛xd	−⅛	10.18	8.76
102⅝	95½	Treas 9¾pc Cv '88	101⅛	−⅛	9.60	8.90
92¼	86⅝	Transport 3pc '78-88	92⅜		3.25	6.83
102½	93⅞	Treas 9½pc '88	101⅜	−⅛	9.35	8.77
107⅛	98⅛	Treas 11½pc 1989	106⅝	−⅛	10.78	8.75
103⅝	95⅝	Treas 9½pc Cnv '89	102¼	−⅛	9.27	8.61
90⅛	82⅜	Treas 3pc 1989	90⅛xd	+⅛	3.33	6.68
105⅛	95⅜	Treas 10½pc 1989	104⅝	−⅛	10.04	8.76
104⅛	94⅝	Exch 10pc 1989	103⅛	−⅛	9.68	8.80
107⅛	97	Exch 11pc 1989	106⅛		10.32	8.71
92⅝	84½	Treas 5pc 1986-89	92½		5.40	7.49
110⅛	94⅝	Exch 10¼pc Cv '89	108⅞xd	−⅛	9.41	7.36
114⅛	103⅛	Treas 13pc 1990‡‡	113⅝	+⅛	11.46	8.67
108¼	97¼	Exch 11pc 1990‡‡	107½	−⅛	10.23	8.59
113¼	101⅛	Exch 12½pc 1990	112⅛	−⅛	11.12	8.64
87⅛	79⅝	Treas. 3pc 1990	87⅛xd	+⅛	3.44	6.64

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

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INDUSTRIALS—Continued

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High	Low	Stock	Price	+ or -	Div Net	Cvr	Y'ld Gr's
42	26	Anglo Utd Dev	33	+3	[illegible]	[illegible]	4.5
80	50	Colby Res Corp.	55	....	—	—	—
300	200	Cons. March 10c	210	..	[illegible]	3.9	‡
34	28	Ennex Int. Ir10p	28	..	—	—	—
101	70	Greenwich Res	90		—	—	—
143	93	Hampton Areas 10p	115	+3	3.75	0.9	4.4
245	165	Highwood Res.	212	..	—	—	—
£19¾	£14½	Homestake Mining $1	£14¾	..	020c	—	0.9
310	180	McFinley Red Lake	185	+5	—	—	—
285	210	Musto Explorations	215	+5	—	—	—
51	40	New Sabina Res C$1	44	+2	—	—	—
260	210	Northgate C$1	215	+5	—	—	—
790	513	RTZ	695	+5	22.0	♦	4.6
£164	£115	Do. 9½pcLn '95-2000	£145	..	Q9½%	14.0	6.7
950	800	Tara Explo $1	875	+10	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 29 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock"
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a)
- ✣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 535(3)
- ¶ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♦ Not comparable
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend, cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ¶ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ♦♦ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Figures based on prospectus or official estimates for 1984. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	116		Fin 13% 97/02	£126½	+¼
Craig & Rose £1	£13		Alliance	330	-50
Finlay Pkg 5p	46		CPI Hldgs	60	
Holt (Jos) 25p	780		Carroll Inds	190	
IoM Stm £1	90	+3	Dublin Gas	53	
			Hall (R. & H.)	67	
IRISH			Heiton Hldgs	29	
Fund 13¼% 1988	£104¼		Irish Ropes	87	
Nat 9¾% 84/89	£102¼		Unidare	197	

"Recent Issues" and "Rights" Page 42
(International Edition Page 46)

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £875 per annum for each security.

LONDON STOCK EXCHANGE

MARKET REPORT

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Apr 14	Apr 24	Apr 25	May 6
Apr 28	May 8	May 9	May 19
May 12	May 29	May 30	June 9

* "New-time" dealings may take place from 9.30 am two business days earlier.

Gilts lower but equities move ahead after cautious opening

London equity markets regained a measure of composure as the new trading account got underway a half hour earlier; official dealings now commence at 9 am. Blue chip industrials edged higher, but with most potential investors still looking for a positive lead, there was little of substance behind yesterday's improvement.

Nevertheless, an uncertain start gave way to brighter conditions as buyers began to show a little more confidence. Much of the day's interest, however, centred on companies mentioned in the week-end financial Press. Early in the day two further bids were announced; London International appeared on the scene with a share exchange offer for Wedgwood, while Duport found itself on the receiving end of a takeover approach from Williams Holdings. This ensured another round of speculative activity in many other companies regarded as potential bid candidates.

Reflecting the cautious opening in equity sectors, the FT-SE index recorded a fall of 2.4 at the start of business, but gradually recovered to close 6.2 higher on the day at 1628.8.

The Financial Times Ordinary share index posted a gain of 7.4 at 1365.3. Among the constituents, Boots were the subject of persistent takeover speculation, while P. and O. stood out with a rise of 17 at 560p following newspaper comment on its expansion plans.

Government securities found little comfort in the sharp advance in sterling against the US dollar yesterday, underlying sentiment being unsettled by the £538m March trade deficit. Long-dated stocks opened on a relatively steady note, but the appearance of a few sellers saw prices drift lower. A small rally developed following firmer early opening indications from the American bond market. But quotations still closed with falls ranging to ½ and occasionally more. Short-dated issues settled with losses extending to ¼. Trading conditions were thin, activity being curtailed to a certain extent pending the outcome of the Tokyo economic summit.

Willis Faber jump

Firm Lloyds Brokers were featured by Willis Faber which advanced 41 to 468p xd following a Press report that Morgan Grenfell, the merchant bank in which it holds a sizeable stake, is about to seek a public listing. Minet moved up 8 to 246p, also after newspaper comment, while improvements of between 10 and 15 were seen in C. E. Heath, 643p, Sedgwick, 335p, and Stewart Wrightson, 412p. Composites were quietly firm with Royals 8 better at 920p and Sun Alliance 12 to the good at 744p.

Brown Shipley stood out among merchant banks, rising 45 to 595p, after 600p, on the announcement that Henry Ansbacher and Group Bruxelles Lambert, working in concert, had acquired a near-21 per cent stake in the company. Mercury International advanced 20 afresh to 535p and Goode Durrant and Murray gained 3 at 91p. Elsewhere, Standard Chartered rallied 6 to 818p, after 820p, in reply to vague counter-bid rumours, while current bidders Lloyds edged forward a few pence to 595p.

Dealings started yesterday in Sto Modwen Properties, formerly Redman Heenan International, following the acquisition of the Clarke companies via a share placing and rights issue; the shares, after opening at 13, moved up to 14½p prior to closing at 14p. The new nil paid shares settled at 3½p premium, having touched 4½p premium. USM newcomer Splash Products, the leisurewear products concern, made a bright debut—placed at 72p, the shares opened at 73p and progressed to 77½p. Irish hotel group Jurys, whose shares were offered at 115p, started at 118p, but drifted back to 113p.

Leading Buildings began cautiously ahead of several important trading statements due later in the week, but gradually improved to close on a firm note. Blue Circle closed 8 higher at 673p awaiting today's preliminary results, while Tarmac, also reporting today, edged up a couple of pence to 478p. Costain, half-year figures due tomorrow, were also a shade firmer, at 516p. Elsewhere, a recently-dull AMEC revived with an improvement of 5 at 274p, while Barratt Developments, partially boosted by merger developments within the estate agent sector, gained 10 to 158p. Renewed demand in a restricted market lifted Wilson (Connolly) 12 to 492p, while favourable comment stimulated Robert M. Douglas which put on 7 to 82p. Buying ahead of the preliminary results due on Thursday boosted Helical Bar 9 to 170p, but adverse Press comment unsettled Phoenix Timber which fell 12 to 88p.

Ward White feature

Secondary Stores provided numerous firm features. Ward White were particularly buoyant and closed 10 to the good at 314p after revealing better-than-forecast preliminary results. Ratners, the Jewellers advanced 12 to 155p following a "buy" recommendation, while high street rivals H. Samuel, also in receipt of a favourable mention, closed 4 to the good at 85p. Press comment also stimulated revived demand for Martin Ford, 4 higher at 76p, and French Connection, 10 up at 205p. Pleasing full-year figures lifted James Beattie A, 4 to 94p, and Top Value 7 to 65p, but Allebone disappointed in revealing sharply reduced annual profits and dipped 5 to 46p. Lincroft Kilgour spurted 28 to 200p after-hours amid unconfirmed rumours that 15 per cent of the equity had been put-through the market.

With the exception of aHrris Queensway, which advanced 12 to 278p reflecting fresh speculative demand, leading Retailers tended to mark time.

Revived rumours of a bid from West German electronics group, Siemens AG, helped STC close 9 higher at 165p. Press comment on the current bid situation helped Rotaflex jump 25 afresh to 337p; bidders Emess Lighting hardened a penny at 318p. Buying on recovery hopes left Logica 23 to the good at 173p and Burgess Products moved up 10 to 237p in anticipation of today's interim results. Continental Microwave, at 225p and International Signal and Control, at 305p, recorded Press-inspired gains of 10 and 7 respectively.

Numerous good features emerged among secondary Engineerings. Press comment highlighting bid possibilities stimulated renewed demand for old takeover favourite TI and the close was 24 higher at 568p. Duport jumped 16 to 131p on news of the bid approach from Williams Holdings, while Saville Gordon gained 5 to 89p in sympathy. Ayrshire Metal reflected an investment recommendation with a rise of 19 to 62p, while Hopkinsons greeted details of the 17 per cent increase in annual profits with a leap of 30 at 283p, after 285p. Glynwed put on 8 at 384p and Simon firmed 7 at 275p, while similar improvements were seen in Gromsgrove Casting, 99p, Christy Hunt, 45p, Wadkin 335p, and Frederick Cooper, 105p. Weir Group improved 5 at 133p and Woodhouse and Rixson put on 3 at 89p. Among the quietly firm leaders, Hawker added 10 at 599p.

S. and W. Berisford continued to attract buyers following reports that Tate and Lyle is poised to bid for the company and closed 10 higher at 258p. T and L, with half-year figures due tomorrow, slipped 5 to 638p, but Hillsdown Holdings, which has already tabled an offer for Berisford, rose 9 to 320p. Ranks Hovis McDougall added 4 to 217p; Berisford is a major shareholder in the company. Elsewhere in the Food sector, fresh overseas demand on takeover hopes lifted Rowntree Mackintosh 16 to 508p, while Unigate revived with an improvement of 5 at 265p. Among Retailers, Tesco found support at 365p, up 12, while old takeover favourite Hillards put on 5 to 250p.

Wedgwood higher

Boots continued firmly among the miscellaneous industrial leaders, rising 6 more to 269p following week-end Press comment which highlighted takeover possibilities. Pilkington, meanwhile, also responded to newspaper mention and finished 13 better at 448p, after 450p. Elsewhere, recently favoured Wedgwood jumped 25 to 368p, after 375p, on early details of share exchange bid terms from London International, 2 off at 219p. Investment recommendations helped Boged Pelepah "A" advanve 9 to 45p, after 49p, and Pavion gain 7 at 39p. Beatson Clark put on 23 to 230p following revived speculative buying and, demand of a similar nature prompted improvements of around 17 in Thomas Jourdan, 260p, Kleen-e-ze, 160p, Pentland, 567p, and Platon, 163p. Midland Marts rose 22 to 138p and Morgan Crucible firmed 6½ more at 292p xd. Rock appreciated 2 to 28½p following the preliminary figures, while British Aerospace revived at 550p, up 25. Extel hardened a couple of pence to 398p following late news that Demerger's unwelcome bid had lapsed.

The Leisure sector included a handful of firm features. Really Useful Group advanced 14 more to a record 375p in response to weekend Press comment, while rumours of an imminent injection of assets encouraged demand for Selec TV, 2 up at 17p. Adam Leisure rose 4½ to 21½p reflecting scrappy buying in a restricted market.

Truck manufacturers ERF, a neglected market for some considerable time, advanced 9 to 50p following favourable comment in the weekend Press. Elsewhere in Motors, BL rallied 5 to 43p, but Jaguar were nervous and dipped to 450p before settling a net penny off at 455p. Distributors again provided a number of firm features. Press comment lifted Caffyns 8 to 188p, and British Car Auction, 7 to 144p, the latter amid renewed speculation of the imminent disposal of its US auction business. Hartwells rallied a few pence to 99p, while Jessups, interim figures scheduled for tomorrow, responded to "call" option business with a gain of 5 to 133p.

The Property sector provided several bright features. Estate agents figured prominently following details of the agreed merger between Mann and Co and Bairstow Eves via a partial offer worth 440p per share for Mann and Co from Bairstow's parent company Hambros. Mann touched 400p on the announcement prior to closing a net 30 up at 380p, while other estate agents excited by the news included Connells, 36 higher at 290p xd, and Hanover Investments, 3 dearer at 220p. Abaco gained 5 to 61p. Elsewhere, Stock Conversion, in receipt of an unwelcome offer from P & O, rose 26 to 728p pending further developments; the latter, boosted by favourable comment, gained 17 to 560p. Land Investors gained 6 to 70p in lively trading as the company announced that it is in discussions which may lead to an offer. Samuel Properties, also in receipt of a bid approach, firmed 3 to 246p following good interim results. Phoenix Propert put on 7 to 88p on speculative buying.

Textiles put on a much better performance than of late. Courtaulds led the way and advanced 6 to 271p, while Dawson International rose 8 to 232p, and Tootal, preliminary figures expected today, closed 3 up at 96½p. Revived speculative support lifted Stroud Riley Drummond 15 to 112p, Harold Ingram a similar amount to 155p, after 160p, and Lister 4 to 71p. Parkland Textile, scheduled to reveal annual results next month, improved 5 to 129p.

Oils improve

A reassuring performance by spot oil prices, which moved ahead despite the resumption of oil production from Norwegian oilfields, encouraged modest support for many leading oils, and produced a good rally among recently depressed secondary issues. BP edged up a few pence to 540p, as did Britoil, 165p, while Tricentrol rallied 5 more to 55p. In the second-liners Carless Capel and Clyde were outstanding, advancing around 5 apiece to 73p and 36p respectively. Industrial Scottish Energy jumped 10 to 61p, and Petranol 8½ to 71p ex-dividend. Favourable comment in the weekend Press prompted good interest in Cluff Oil, finally 2 firmer at 36p, after a year's best of 40p. Floyd Oil rose 3 to 56p while vague takeover rumours lifted Hunting Petroleum a further 4 to 128p.

A lively session among Overseas Traders was highlighted by Inchcape which fell to 330p in immediate reaction to full-year profits some £15m below most estimates before recovering to close 15 dearer on balance at 358p helped by the maintained dividend and optimistic tenor of the accompanying statement. Buyers also returned for Polly Peck, finally 15 up at 178p, a two-day gain of 24, while Lonrho, quoted ex the one-for-10 scrip issue, closed 7 up at 245p.

Mining markets began the week in subdued fashion. Overseas-registered issues, particularly the South African gold and related stocks, were unsettled by the continuing firmness of sterling and South Africans were additionally uneasy following reports that black mineworkers will stage their biggest-ever one-day strike on May 1.

The 3.5 decline to 253.7 by the Gold Mines index was its third in succession and the ninth fall over the past 10 trading sessions.

FINANCIAL TIMES STOCK INDICES

	Apr. 28	April 25	Apr. 24	Apr. 23	Apr. 22	Apr. 21	year ago
Government Secs	92.83	93.24	93.32	93.11	94.23	94.23	81.30
Fixed Interest	96.76	96.77	96.90	96.94	97.51	97.35	85.58
Ordinary ♥	1365.3	1357.9	1348.0	1362.0	1389.8	1394.5	968.6
Gold Mines	253.7	257.2	264.8	273.3	267.5	270.0	508.6
Ord. Div. Yield	3.95	3.96	3.98	3.95	3.88	3.86	4.69
Earnings, Yld. % (full)	9.79	9.85	9.90	9.79	9.60	9.55	11.78
P/E Ratio (net) (*)	12.58	12.47	12.39	12.53	12.77	12.84	10.34
Total bargains (Est.)	33,022	31,031	30,125	29,879	29,675	30,988	25,673
Equity turnover £m.	—	808.63	882.41	1051.76	722.61	611.00	308.70
Equity bargains	—	32,087	30,683	26,769	27,654	29,277	21,979
Shares traded (m)	—	340.6	346.0	397.9	276.7	283.3	171.7

♥ Opening 1356.1. 10 am 1357.9. 11 am 1358.2. Noon 1361.7. 1 pm 1362.6. 2 pm 1363.6. 3 pm 1363.6. 4 pm 1364.4. Day's High 1365.3. Day's Low 1356.1. Basis 100 Government Securities 15/10/26. Fixed interest 1928. Ordinary 1/7/35. Gold Mines 12/9/55. Activity 1974.
Latest Index 01-246 8026.
* Nil=12.06.

HIGHS AND LOWS

—	1986 High	1986 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	94.51 (16/4)	80.39 (20/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	97.51 (22/4)	86.55 (23/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1425.9 (3/4)	1094.3 (14/1)	1425.9 (3/4/86)	49.4 (26/6/40)
Gold Mines	357.0 (27/1)	253.7 (28/4)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY

INDICES	Apr. 25	Apr. 24
Daily		
Gilt Edged Bargains	146.9	143.9
Equities Bargains	207.9	198.8
Equities Value	1,634.4	1783.6
5day Average		
Gilt Edged Bargains	158.2	163.8
Equities Bargains	189.8	183.9
Equities Value	1,647.9	1660.2

NEW HIGHS AND LOWS FOR 1986

NEW HIGHS (128)

BRITISH FUNDS (10). LOANS (1). AMERICANS (1). CANADIANS (1). BANKS (4). BUILDINGS (8). CHEMICALS (2). STORES (5). ELECTRICALS (16). ENGINEERING (11). FOODS (4). INDUSTRIALS (24). INSURANCE (1). LEISURE (3). MOTORS (5). PAPER (1). PROPERTY (16). TRUSTS (12). OILS (1). OVERSEAS TRADERS (2).

NEW LOWS (47)

AMERICANS (8) Contl. Illinois Corp., Contl. Illinois Hldgs., Damson Oil, Louisiana Land, PHH, Pennzoil, Rexnord, Tenneco. CANADIANS (2) Bow Valley, Grange Exp. STORES (1) Lincroft Kilgour. FOODS (1) Whitworth's Food. HOTELS (1) Norscot Hotels. INDUSTRIALS (4) Huntleigh Tech., Pacific Sales, Ramco, Robertson Research. INSURANCE (1) London & Manchester Group. LEISURE (2) SeaCo Inc., Television Services. TRUSTS (2) Cons. Venture Trust, London Trust Warrants. OILS (8) E.R.I.C., Enterprise Oil, LASMO, North Sea & Gen. Inv., Oilfield Inspection Services, Pict Petroleum, Sun (UK) Royalty, Tricentrol 11pc Cnv. Ln. 1995-2005. PLANTATIONS (3) Cons. Plantations, Highlands & Lowlands, Kuala Kepong. MINES (14) Cons. Modderfonteins, Grootvlei, Leslie, Winkelhaak, Doornfontein, Southvaal, Stilfontein, Beatrix Mines, F.S. Cons. Gold, Loraine, OFS Invs., Kitchener Mining, North Broken Hill, Swan Resources.

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

RIGHTS OFFERS

[illegible]

Renunciation date usually last day for dealing free of stamp duty. [illegible]

TRADITIONAL OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Apr 21	May 2	July 24	Aug 4
May 6	May 16	Aug 7	Aug 18
May 19	June 6	Aug 28	Sept 8

For rate indications see end of Unit Trust Service

Stocks favoured for the call included Jessups, Standard Chartered, Combined Technologies, Sycamore, Sears, Cowan de Groot, Spong, North Kalgurli, Lasmo, Davy, Bejam, Raine Industries, Pepe, Trusthouse Forte, Marks and Spencer, Kwik-Fit, Cadbury Schweppes, ASDA-MFI, MEPC, Slough Estates, Ecobric, Norfolk Capital, Pavion, Plessey, Apricot Computers, Abaco Investments, CH Industrials, WSL and Five Oaks. A put was taken out in Polly Peck, but no doubles were reported.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	16	81	14
Corpns, Dom. & Foreign Bonds	12	17	42
Industrials	527	224	861
Financial & Props	189	85	279
Oils	21	18	50
Plantations	1	6	8
Mines	16	54	70
Others	53	36	62
Totals	844	525	1,396

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

[illegible]

FIXED INTEREST

[illegible]

YESTERDAY'S ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

[illegible]

FRIDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

[illegible]

EUROPEAN OPTIONS EXCHANGE

[illegible]

TOTAL VOLUME IN CONTRACTS: 39,769.

A=Ask B=Bid C=Call P=Put

LONDON TRADED OPTIONS

[illegible]

WORLD STOCK MARKETS

AUSTRIA

Apr. 28	Price Sch.	+ or −
Credit'stalt pp	2,440	+10
Goesser	3,500	−50
Interunfall	15,400	+100
Jungbunzlauer	19,800	+300
Laenderbank	2,230	+10
Perlmooser	710	+5
Steyer Daimler	211	+1
Veitscher Mag	11,150	+150

BELGIUM/LUXEMBOURG

Apr. 28	Price Frs.	+ or −
B.B.L	3,350	100
Banq. Gen. Lux	15,600	
Banq. Int. A. Lux	16,250	+250
Bekaert	12,975	−225
Ciment CBR	4,160	−60
Cockerill	155	5
Delhaize	11,100	−600
EBES	4,790	−30
Electrobel	15,025	−475
Fabrique Nat	2,500	−33
GB Inno BM	7,340	−150
GBL (Brux)	3,220	+20
Generale Bank	6,530	+130
Gevaert	6,350	−100
Hoboken	7,670	−180
Intercom	3,765	−125
Kredietbank	15,975	...
Pan Hldgs	10,800	...
Petrofina	7,320	120
Royale Belge	25,000	475
Soc. Gen. Belge	3,060	−130
Sofina	10,325	−650
Solvay	8,930	...
Stanwick Intl	460	...
Tractionel	5,630	+10
UCB	6,950	...
Wagon Lits	6,080	−10

DENMARK

April 28	Price Knr %	+ or −
Andelsbanken	380	−4
Baltica Skand	685	−20
CopHandelsbank	312	−2
D. Sukkerfab	420	10
Danske Bank	362	5
De Danske Luft	1,750	70
East Asiatic	277	−6
[illegible]	[illegible]	[illegible]

GERMANY

Apr. 28	Price Dm.	+ or −
AEG	339	−2
Allianz Vers	2,655	−70
BASF	302	−6.5
Bayer	304.5	−7
Bayern Hypo	653	−14
Bayer-Verein	609	−25
BHF Bank	568	−9.5
BMW	565	−27
Brown Boveri	318.8	−0.8
Commerzbank	341	−7.5
Cont. Gummi	234	−7
Daimler-Benz	1,477	+2
Degussa	475	−33
D'sche Babcock	214	−8
Deutsche Bank	851.5	−13
Dresdner Bank	458.5xr	−6.5
GHH	228	−15
Henkel	425	−12
Hochtief	919	−36
Hoechst	298.5	−9.5
Hoesch Werke	186	−4
Holzmann (P.)	630	−25
Horten	197	−12
Hussel	501	−8
Karstadt	345.5	−10.5
Kaufhof	456	−1
KHD	275	5
Kloeckner	98	−2
Linde	750	...
Lufthansa	259	−3
MAN	200	−7
Mannesmann	239	10
Mercedes Hld.	1,252	−27
Metallgesell	355	−1
Muench Rueck	3,700	150
Nixdorf	613	−18.5
Porsche	1,050	109
Preussag	225.5	−2.5
Rhein West Elect	262.3	−5.7
Rosenthal	564	−3.5
Schering	550	−17
Siemens	649.5	−17.5
Thyssen	169.2	−8.3
Varta	345	−23
Veba	332.8	−8.2
V.E.W.	186	+7.7
Verein-West	515	2
Volkswagen	611	21.5

NORWAY

Apr. 28	Price Kroner	+ or −
Bergens Bank	156.5	−0.5
Borregaard	357.5	...
Christiana Bk	168	−1
Den Norsk Credit	156	−2
Elkem	109	−10
Kosmos	145	−5
Kvaerner	164	−8.5
Norcem	220.5	+1.5
Norsk Data	435	−5
Norsk Hydro	129	+0.5
Storebrand	249	−2

SPAIN

April 28	Price Pta %	+ or −
Bco Bilbao	870	...
Bco Central	736	...
Bco Exterior	450	+20
Bco Hispano	420	−15
Bco Popular	985	−10
Bco Santander	740	...
Bco Vizcaya	1,150	+30
Dragados	388.5	...
Hidrola	119.2	+2.2
Iberduero	151	+1.5
Petroleos	437	+1
Telefonica	202	+6

SWEDEN

April 28	Price Kronor	+ or −
AGA	198	−8
Alfa-Laval B	367	−4
ASEA (Free)	484	−5
Astra (Free)	590	−5
Atlas Copco	237	−5
Cardo (Free)	295	...
Cellulosa	220	−6
Electrolux B	283	−9
Ericsson B	291	−14
Esselte	545	...
Mo Och Domsjo	256	−4
Pharmacia	232	−16
Saab Scania Free	840	+20
Sandvik	670	−5
Skandia	480	−25
SKF	331	−14
Sonesson	188	...
St. Kopparbergs	277	+1
Swedish Match	346	−12
Volvo B (Free)	389	−7

ITALY

April 28	Price Lira	+ or −
[illegible]	[illegible]	[illegible]

FRANCE

NETHERLANDS

SWITZERLAND

AUSTRALIA

AUSTRALIA (continued)

HONG KONG

JAPAN (continued)

JAPAN

SINGAPORE

SOUTH AFRICA

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. [illegible]

CANADA

TORONTO

Prices at 2.30pm April 28

Indices

NEW YORK — DOW JONES

STANDARD AND POOR'S

NYSE ALL COMMON

RISES AND FALLS

CANADA

NEW YORK ACTIVE STOCKS

NYSE COMPOSITE PRICES

Continued from Page 49

OVER-THE-COUNTER *Nasdaq national market, 2pm prices*

Continued from Page 49

Stock	Sales (Hnds)	High	Low	Last	Chng
RayEn .24	72	27¾	27	27¼	
RediCr	235	2¾	2⅝	2¾	
Reading	10	24¼	24	24¼	
Recotn	75	12½	12⅛	12¼	−¼
RedknL .20b	20	25	24¼	24¾	−¼
Reeves	775	15⅛	14¾	15	
RgcyEl .20	1348	7¾	7⅜	7½	−⅛
Regis .12	17	17¼	17	17	−¼
Reliab	192	7⅜	6½	7⅛	+⅜
RpAuto .16	47	9¼	9⅛	9¼	+⅛
RpHlth	1124	17¾	17⅜	17¾	+¼
Reuterf .15e	54	17¼	16¾	16¾	
ReutrH .33e	246	42½	42⅛	42⅝	+⅛
ReyRys	86	31¼	30¼	30¼	−1
Rhodes .32	265	27⅝	27⅛	27⅝	+⅜
Ribilm	557	10½	10	10⅜	+⅛
RichEls	17	30¾	30¼	30¾	+⅞

EUROPEAN TRADED OPTIONS

Tuesday·Wednesday·Thursday·Friday

Only in the Financial Times

LONDON Chief price changes (in pence unless otherwise indicated)

RISES

Ayrshire Metal	62	+19
Beatson Clark	230	+23
Bogod-Pelepah A	45	+9
Boots	269	+6
Brit. Car Auction	144	+7
Brown Shipley	595	+45
Clyde Petroleum	36	+6
Connell's Est Ag	290xd	+36
Duport	131	+16
ERF	50	+9
Hillsdown	320	+9
Hopkinsons	275	+22
Inchcape	358	+10
Indl Scot Energy	63	+15
Mann & Co	380	+30
Pavion Intl	39	+7
P & O Defd	560	+17
Petranol	71xd	+8½
Polly Peck	178	+15
Really Useful	337	+14
Rotaflex	375	+25
STC	165	+9
Stock Convers	728	+28
Stroud Riley	112	+15
Tesco	365	+12
Tozer Kemsley	156	+16
Wedgwood	368	+25
Wills Faber	468xd	+41

FALLS

Ex 12% '13/17	£132½	−⅞
Phoenix Timber	88	−12

Prices at 2pm, April 28

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	12 Month Low	Stock	Div.	Yld	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev Close
24	10¾	AAR s	.44	1.9	21	122	22⅞	22⅝	22⅞	+⅜
26½	11½	AFG s			18	293	27¼	26⅝	27½	−¼
25⅝	12¾	AGS			16	457	23¾	23½	23⅝	+⅜
15	5½	AMCA				72	13¼	13	13½	+¼
60½	37½	AMR			12	1923	59¼	58⅛	59¼	−1¼
25¾	18⅝	AMR pf2.18		8.6		8	25⅝	25⅝	25⅝	
12½	7⅝	APL			7	14	12	12	12	
16¾	10⅝	ARX			14	126	15⅞	15⅝	15⅞	+¼
53⅝	32¾	ASA	2a	5.4		158	37⅝	36¾	37	−½
18⅝	10½	AVX		2.2		147	14½	14⅛	14½	+⅜
32	22½	AZP	2.72	9.0	8	2776	31¼	30	30⅞	−1⅛
91⅞	49½	AbtLab 1.68		1.9	22	1292	90¾	89¾	89¾	−⅞
31⅞	19⅝	AccoWd .50		1.7	21	311	29½	29	29¼	+¼
24¾	10	AcmeC .40		3.0	19	x290	13½	13¼	13½	
9¼	7	AcmeE .32b		3.8	20	9	8⅝	8⅛	8⅝	+⅛
20	16⅝	AdaEx 1.90e		9.6		125	20	19⅝	19¾	−¼
29	14	AdmMl .40		1.5	13	59	28	27½	27½	−¾
20⅝	8⅞	AdvSys 1.36t		7.5	17	40	18½	18¼	18¼	−¼
32⅞	22⅞	AMD				2986	31½	30¾	31	+⅛
12⅝	8¼	Adobe n				22	9⅛	9	9	
20¼	15¼	Adob pf2.40		13.		34	19⅝	19⅛	19⅛	
19½	8⅞	Advest .12a		.7	13	619	18½	17⅞	17⅞	−⅜
66¼	41⅞	AetnLf 2.64		4.3	16	1731	62½	61½	61¾	−⅝
57½	52⅞	AetL pf4.97e		9.2		30	54	53¾	54	+⅜
68¼	29	Ahmns 1.38		2.2	7	997	63¼	62⅞	62¾	+⅝
4¾	2⅞	Aileen			80	31	4	3⅞	4	
83⅝	47½	AirPrd 1.48		1.8	16	201	80¾	80¼	80½	+¼
[illegible]										

Continued on Page 49

NYSE COMPOSITE PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close

Continued from Page 48

O O O

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]	1⅛	OakInd			-	1089	1¾	1⅝	1¾	-
[illegible]	27¾	OakiteP	.52	5.2	14	21	29⅞	29½	29½	
[illegible]	22⅝	OcciPet	2.50	9.9	6	1714	25⅝	25	25⅜	+⅜
[illegible]	9	OcciP wt				10	10	10	10	+⅛
[illegible]	51⅛	OcciP pf	6.25	11.		92	56¾	56½	56¾	
[illegible]	102⅝	Occi pf	14.62	14.		29	105	104⅝	104⅝	−⅛
[illegible]	11	ODECO	.40	3.5	50	2822	11⅞	11½	11½	−⅛
[illegible]	26½	Ogden	1.80	6.0		771	29⅞	29½	29⅝	+⅛
[illegible]	14	OhioEd	1.92	10.	8	1789	19⅛	18⅞	18⅞	−¼
[illegible]	29	OhEd pf	3.90	10.		z100	38	38	38	−1
[illegible]	32	OhEd pf	4.40	9.8		z10	45	45	45	
[illegible]	54	OhEd pf	7.36	10.		z560	73¾	72½	72½	−⅛
[illegible]	58¼	OhEd pf	8.20	10.		z50	81	81	81	−2½
[illegible]	25⅝	OhEd pf	3.50	12.		47	30⅛	29¾	29¾	
[illegible]	27¾	OhEd pr	3.92	12.		27	33½	33⅛	33½	+⅛
[illegible]	14⅝	OhEd pf	1.80	9.5		15	19¼	19	19	+¼
[illegible]	64	OhEd pf	9.12	9.9		z7930	u91⅞	91⅞	91⅞	+1⅞
[illegible]	62	OhEd pf	8.64	10.		z410	84½	84½	84½	−½
101	84½	OhE pf	10.48	10.		z50	100	100	100	
16¼	10⅞	OhMatr	.40	2.5	44	171	16⅛	15⅞	16	
88	61	OhP pf	8.04	9.1		z200	88	87	88	+2
92	61⅛	OhP pf	C7.60	8.8		z40	86½	86½	86½	
25¾	18½	OhP pf	G2.27	8.8		28	u25⅞	25⅝	25⅞	+½
113	103½	OhP pf	F 14	13.		z100	113	112	112	−1
30⅞	21½	OklaGE	2.08	7.2	13	1926	29⅛	29	29	−⅛
45½	29⅞	Olin	1.50	3.5		95	43½	43⅛	43⅛	
9	5½	Omncre			36	88	6¼	6	6¼	+⅛
18½	12	Oneida	.80	4.5	56	125	18	17¾	17⅞	−⅜
33¾	27¼	ONEOK	2.56	8.4	12	203	31	30½	30⅝	−⅛
32	24⅜	OranRk	2.14	6.8	11	296	31⅝	31⅛	31½	

P P

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S S S

T T T

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V V V

W W W

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
77⅞	¾	WCNA				1980	1⅝	1¼	1⅜	−¼
50	5¼	WCNA pf	1.81j			55	8¾	7½	7½	−1⅜
140	107	WPacI	.75e	.5	13	3	138¾	138½	138½	−½
24¼	9½	WstSL s	.20	1.0	10	514	20	18⅞	19¼	−⅝
15½	6	WUnion				996	6½	6¼	6⅜	
7¾	3⅝	WnU pfS				65	6¾	6½	6½	
14¼	7⅞	WnU pfE				57	11⅛	11	11	−⅛
17½	8⅛	WUTl pfA				31	16⅞	16¾	16⅞	−⅛
57¾	25	WelgE	1.20	2.2	15	1444	54⅞	54⅛	54½	−¼
56	34⅞	Westvc	1.32	2.6	14	261	50¾	48⅝	50½	+2
40¼	24¾	Weyerh	1.30	3.4	27	x1485	37⅞	37⅛	37⅞	+⅞

Continued on Page 47

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begins with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

Prices at 2pm, April 28

Stock	Div.	P/ E	Sls 100s	High	Low	Close	Chng

A A

B B

C C

D D

E E

F F

G G

H H

I I

J K

L L

M M

N N

O P Q

R R

S S

T T

U U

V W

X Y Z

OVER-THE-COUNTER

Nasdaq national market, 2pm prices

Stock	Sales (Hnds)	High	Low	Last	Chng

A A

B B

C C

D D

E E

F F

G G

H H

I J

K K

L L

M M

N N

O O

P Q

Continued on Page 47

FINANCIAL TIMES

WORLD STOCK MARKETS

WALL STREET

Discouraged by lacklustre profit trend

THE LACKLUSTRE trend of corporate profits for the first quarter discouraged Wall Street yesterday, *writes Terry Byland in New York.*

Stock prices drifted lower in dull trading, and bonds proved unable to hold early gains.

At 3pm the Dow Jones industrial average was down 1.74 at 1,833.83.

Also unsettling the markets was the uncertain prospect for federal bonds, which expect to hear at mid-week the details of another record quarterly refunding by the US Treasury, probably totalling about $25bn.

The fall in the dollar has cast doubts over the demand for US bonds from Japan, as well as making it more difficult for the Fed to ease credit policy. Many analysts, however, believe that sluggishness in the economy will force rates lower.

Mr John Akers, president of IBM, told stockholders that the computer monarch – and the rest of the industry – had "not yet put the problems of 1985 behind us."

General Motors disclosed further cuts in car production, as inventories remained uncomfortably high and a major financial data service reported that quarterly profits from US corporations to date are nearly 10 per cent down on the preceding quarter.

There was little selling pressure, but prices began to crumble as the session progressed without any sign of renewed buying from the major institutions.

A further fall in the Dow Transportation average heightened worries that the inability of this index to make progress reflects underlying softness elsewhere in the market.

A further easing in the dollar took the top off bond prices at noon, and stocks extended early falls.

IBM shaded $⅞ to $158⅝ in moderate trading. Other computer stocks also weakened, NCR taking a knock of $1⅞ to $51⅞.

Among the Detroit stocks, General Motors gained $¼ to $81⅞, but Ford, down $⅝ to $79, and Chrysler, down $1 to $37⅞ saw sellers.

The Dow average was weakened by selling of tobacco stocks after a district judge appeared to overrule the recent court judgment that manufacturers are protected from liability suits by the health warnings printed on cigarette packets.

Philip Morris fell $1⅞ to $63 and R. J. Reynolds $1⅝ to $44⅛. But neither suffered massive selling, and the market expects the legal wrangle to continue.

The Dow was helped, however, by renewed strength in Merck, the pharmaceutical leader which benefits from a lower dollar.

Features among the financials included the first trading report from Morgan Stanley since its public quotation. The stock edged up $¼ to $76⅛ in minimal turnover.

Great Western Financial, the large thrift group, jumped $1⅛ to $43⅜ after dropping its offer to buy Citadel Holding.

Horizon Bancorp gained $1⅞ to $46⅝ on reports that Chemical NY Bank plans to buy a New Jersey bank when legislation permits.

Stock in FMC, the machinery and chemicals group, rose $3¼ to $99⅛ after the board improved the cash portion of their recapitalisation plan.

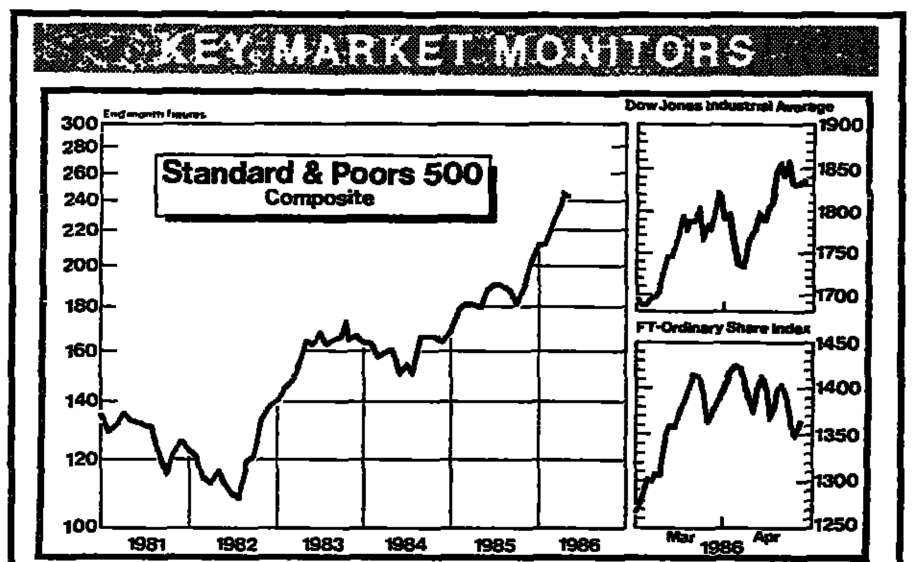
The flow of company results slackened. Atlantic Richfield, however, stood out with a fall of $1⅛ to $52⅝ after disclosing a sharp fall in profits.

Singer Manufacturing lost $⅛ to $51⅞ on the trading results, while MCA, the films and records company, eased $⅛ to $52⅞ despite good earnings.

Bond prices began to weaken at mid-session despite a further round of liquidity help from the Federal Reserve which made four-day system repurchase arrangements – a strong indication that the board wants federal funds to remain below 7 per cent.

Short-term rates shaded lower behind funds rate at 6[15]/16 per cent. Concern over the attitude of Japanese investors remained intact, and the market will keenly watch next week's Treasury auctions for signs of foreign investment demand.

KEY MARKET MONITORS



STOCK MARKET INDICES

	April 28	Previous	Year ago
NEW YORK			
DJ Industrials	1,833.83*	1,835.57	1,275.18
DJ Transport	811.21*	810.97	586.25
DJ Utilities	185.27*	186.7	154.75
S&P Composite	242.01*	242.29	182.18
LONDON			
FT Ord	1,365.3	1,357.9	968.5
FT-SE 100	1,628.8	1,622.6	1,295.3
FT-A All-share	801.14	797.32	622.24
FT-A 500	877.37	873.52	683.19
FT Gold mines	253.7	257.2	508.6
FT-A Long gilt	8.97	8.91	10.60
TOKYO			
Nikkei	15,757.98	15,689.88	12,405.1
Tokyo SE	1,248.11	1,245.11	967.93
AUSTRALIA			
All Ord.	1,206.9	1,210.4	874.0
Metals & Mins.	529.2	530.3	573.7
AUSTRIA			
Credit Aktien	129.78	128.08	79.05
BELGIUM			
Belgian SE	3,616.10	3,667.64	2,226.67
CANADA			
Toronto			
Metals & Minls	2,191.4*	2,162.8	2,037.0
Composite	3,124.8*	3,125.8	2,657.7
Montreal			
Portfolio	1,609.33	1,609.33	131.12
DENMARK			
SE	n/a	246.4	192.15
FRANCE			
CAC Gen	402.7	404.9	215.5
Ind. Tendance	150.1	152.0	76.1
WEST GERMANY			
FAZ-Aktien	703.91	721.67	426.05
Commerzbank	2,134.7	2,193.2	1,235.7
HONG KONG			
Hang Seng	1,848.65	1,834.62	1,506.49
ITALY			
Banca Comm.	752.88	757.84	276.76
NETHERLANDS			
ANP-CBS Gen	267.5	270.6	211.0
ANP-CBS Ind	254.9	256.1	169.4
NORWAY			
Oslo SE	351.03	359.47	324.26
SINGAPORE			
Straits Times	563.34	570.60	796.65
SOUTH AFRICA			
JSE Golds	–	1,175.9	1,076.4
JSE Industrials	–	1,094.7	896.2
SPAIN			
Madrid SE	177.03	173.92	80.36
SWEDEN			
J & P	2,255.05	2,302.95	1,449.45
SWITZERLAND			
Swiss Bank Ind	580.5	586.4	423.9
WORLD	April 25	Prev	Year ago
MS Capital Int'l	319.6	319.4	203.7

COMMODITIES

(London)	April 28	Prev
Silver (spot fixing)	330.00p	331.05p
Copper (cash)	£925.00	£931.50
Coffee (May)	£2,228.50	£2,261.00
Oil (Brent blend)	n/a	$11.85

GOLD (per ounce)

	April 28	Prev
London	$344.75	$345.00
Zürich	$343.60	$344.25
Paris (fixing)	$345.93	$344.46
Luxembourg	$345.00	$344.70
New York (June)	$345.80	$346.20

CURRENCIES

	US DOLLAR		STERLING	
(London)	April 28	Previous	April 28	Previous
$	–	–	1.5555	1.538
DM	2.164	2.181	3.365	3.355
Yen	167.15	168.15	260.0	258.5
FFr	6.8975	6.9475	10.73	10.685
SFr	1.808	1.8215	2.8125	2.8025
Guilder	2.442	2.463	3.7975	3.7875
Lira	1,485.5	1,498.5	2,311.25	2,304.5
BFr	44.15	44.55	68.65	68.5
C$	1.3775	1.385	2.14	2.1295

INTEREST RATES

	April 28	Prev
Euro-currencies (3-month offered rate)		
£	10½	10[7]/16
SFr	4⅜	4[7]/16
DM	4⅝	4⅝
FFr	7⅝	7⅝
FT London Interbank fixing (offered rate)		
3-month US$	7	6[15]/16
6-month US$	6[15]/16	6[15]/16
US Fed Funds	6[13]/16*	6[11]/16
US 3-month CDs	6.65*	6.57
US 3-month T-bills	6.095*	5.28

US BONDS

Treasury		April 28*		Prev	
		Price	Yield	Price	Yield
6⅝	1988	99[19]/32	6.897	100[13]/32	6.91
7¼	1993	99[24]/32	7.418	100[4]/32	7.349
8⅞	1996	109[11]/32	7.508	109[27]/32	7.441
9¼	2016	119[24]/32	7.568	120[14]/32	7.519

Source: Harris Trust Savings Bank

Treasury Index	April 28*			
Maturity (years)	Return index	Day's change	Yield	Day's change
1–30	151.28	+0.62	7.45	–0.08
1–10	143.44	+0.45	7.29	–0.09
1– 3	134.73	+0.30	7.02	–0.09
3– 5	145.48	+0.56	7.44	–0.10
15–30	179.39	+1.21	8.00	–0.06

Source: Merrill Lynch

Corporate	April 28*		Prev	
	Price	Yield	Price	Yield
AT & T				
3⅞ July 1990	88⅞	7.00	88⅞	7.0
SCBT South Central				
10⅞ Jan 1993	—	—	107	7.61
Xerox				
10⅜ Mar 1993	—	—	108⅜	7.97
Diamond Shamrock				
10⅜ May 1993	—	—	102⅛	9.96
Arco				
9⅞ March 2016	105¾	9.30	106¾	9.21
General Motors				
8⅛ April 2016	93¾	8.71	94¼	8.66
Citicorp				
9⅜ March 2016	98	9.57	98¼	9.55

Source: Salomon Brothers

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
US Treasury Bonds (CBT)				
8% 32nds of 100%				
June	98-24	99-16	98-15	98-08
US Treasury Bills (IMM)				
$1m points of 100%				
June	94.1	94.14	93.98	93.98
Certificates of Deposit (IMM)				
$1m points of 100%				
Sept	93.38	93.38	93.37	93.34
LONDON				
Three-month Eurodollar				
$1m points of 100%				
June	93.19	93.20	93.08	93.20
20-year Notional Gilt				
£50,000 32nds of 100%				
June	126-17	127-00	125-29	126-25

* Latest available figures

TOKYO

Settling into a golden holiday week

THE "golden week" series of public holidays began in Tokyo yesterday, but trading was lacklustre with shares advancing only modestly, *writes Shigeo Nishiwaki of Jiji Press.*

The Nikkei average gained 50.59 from last week's close to 15,757.93. Volume totalled 409.51m shares compared with Friday's 582.85m. Advances led declines 467 to 353, with 146 issues unchanged.

Investors retreated to the sidelines because they were uncertain about the overall market outlook, although they expected either high-technology or domestic demand-related stocks to lead after the Tokyo summit of seven major industrial democracies begins on May 4.

Some blue chips were popular around midday supported by investment trusts' buying. Hitachi rose Y18 at one stage but closed only Y10 higher at Y920. The issue, topping the active list with 21.54m shares changing hands, attracted buy orders for 3m shares from investment trusts.

JVC jumped Y120 to a record Y3,070, eclipsing its previous peak of Y3,000. But Matsushita Electric Industrial finished Y10 lower at Y1,640 after gaining Y20 earlier.

Investors hunted issues with hidden incentives to seek short-term capital gains. Tobishima, the second busiest issue with 21.48m shares traded, leaped Y27 to Y610 while Shimizu Construction, third with 20.84m shares, surged Y24 to Y594, both on rumours that speculators were concentrating on these issues.

Shinko Electric rose Y10 to Y390 on talk of its shares being cornered.

Toya Soda, seventh with 7.32m shares, advanced Y8 during the session, helped by reports on mass production of human growth hormone. But it closed Y1 lower at Y391. Toagosei Chemical, Y25 up at one stage, came under profit-taking pressure later to finish Y3 higher at Y510.

Meiji Milk added Y18 to Y598, Nitto Boseki Y29 to Y669 and Rhythm Watch Y20 to Y415.

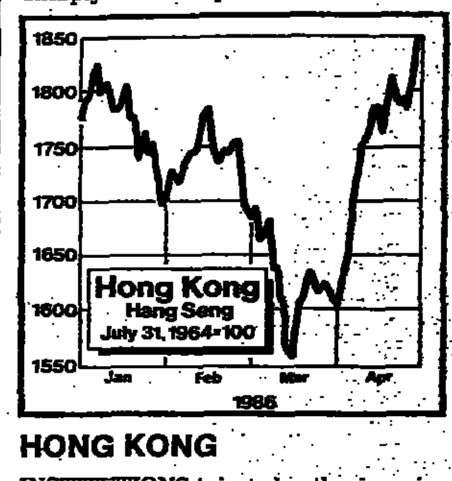
But electric power and gas issues fell from favour, with Tokyo Electric Power shedding Y30 to Y3,910 and Tokyo Gas Y8 to Y391.

Many construction issues firmed slightly although buying was extremely light. Kajima gained Y4 to Y725.

On the bond market, buying centred on the 5.1 per cent government bond maturing in March 1996, with the yield falling to 4.820 per cent from last Saturday's 5.100 per cent.

The dealing sections of banks and securities houses shifted their buying to the 5.1 per cent bond from the benchmark 6.2 per cent bond due in July 1995, which is priced at about Y10 above the par value of Y100. The price of the 5.1 per cent bond is now around par.

The yield on the 6.2 per cent bond rose sharply to 4.565 per cent.



HONG KONG

INSTITUTIONS injected enthusiasm into Hong Kong where prices ended mixed. The Hang Seng index jumped 14.03 to 1,848.65, repeating Friday's record performance.

Banks were targeted by investors following a rally in Hongkong Bank shares last week. Hang Seng Bank surged HK$1.50 to HK$40.00 ex-all, and Bank of East Asia gained 70 cents to HK$20.70 while Hongkong Bank was unchanged at HK$7.30 ex-all.

Hongkong Telephone put on 20 cents to HK$11.30 on rumours that its main shareholder, Cable & Wireless, may be interested in a takeover.

SINGAPORE

INVESTORS continued to wait on the sidelines ahead of today's flotation by Cathay Pacific Airways.

Prices fell across the board, and the Straits Times industrial index slumped 7.26 to 563.34, its lowest level since August 1982.

Cycle & Carriage shed 10 cents to S$1.02 on a turnover of only 16,000 shares.

North Borneo Timbers dropped 9 cents to 77.5 cents, Singapore Press gave up 10 cents to S$5.65 and Haw Par ended 5 cents lower at S$1.75.

EUROPE

Weak dollar generates shock waves

THE WEAKER DOLLAR sent shock waves across the European bourses yesterday while end-of-month selling pressure countered much of the effect of reductions in key market interest rates.

Frankfurt fell for the fifth consecutive session, with the Commerzbank index down a further 58.5 points to 2,134.7. Reports that the Bundesbank and the Bank of Japan had intervened to support the dollar, which hit a five-year low against the D-Mark, only emphasised the fragility of the US currency's position.

Car makers suffered heavily, but the retreat soon spread to all sectors. Daimler took a DM 28 fall to DM 1,447, only to be eclipsed by a proportionally sharper DM 27 drop to DM 555 for BMW. VW did not fare well despite last week's batch of news and closed DM 20.50 cheaper at DM 611.

Deutsche led the banking sector sharply lower with a DM 13 fall to DM 851.50 while Commerzbank closed DM 7.50 weaker at DM 341.

Kaufhof managed to lose only DM 1 to DM 456 ahead of its dividend news released after the close while Horten fell DM 12 to DM 197 despite a strong forecast for the current year.

Bonds were dull as the Bundesbank sold DM 15.1m worth of paper.

Amsterdam saw leading internationals suffer on the weaker dollar. The opening shots in the official election campaign tended to act as a diversion, pushing many investors to the sidelines.

Akzo, which is still locked in battle with Du Pont over patent rights, fell Fl 5 to Fl 164 as Unilever declined Fl 6 to Fl 427.

Westland-Utrecht, the troubled mortgage bank, was suspended at Fl 50 while FGH lost 40 cents to Fl 44.40.

The bond market was also inhibited by the election campaign and tomorrow's bank holiday.

The ½ percentage-point cut in the key intervention rate to 7½ per cent by the Bank of France failed to support **Paris** as profit-takers continued to make inroads on last week's gains.

Screg suffered one of the sharpest falls with its 7.4 per cent drop to FFr 88 as Darty turned FFr 142 lower – a 4.4 per cent fall – to FFr 3,068.

Peugeot's FFr 20 advance to FFr 1,040 buoyed the motor sector while Pernod at FFr 1,235 added FFr 48.

Zurich held steady despite the dollar as most export-sensitive stocks resisted any sell-off pressure.

Swissair was one of the few dollar-exposed issues to suffer with its bearer stock off SFr 50 to SFr 1,900 and the registered form down SFr 40 at SFr 1,330.

Steady financials saw Union Bank unchanged at SFr 5,430 while Swiss Re moved against the trend in slightly easier insurance stocks with a SFr 150 advance to SFr 18,750.

The expected surge in activity in **Milan** following the cut in the discount rate on Thursday and the market holiday on Friday failed to materialise. Prime-rate cuts were announced after the close.

Institutional buyers remained active as individual investors started to move out of select blue chips and industrials.

Fiat managed to resist most of the pressure and actually posted a small L33 rise to L12,400, and Montedison edged L9 higher to L4,369. Snia dipped L20 to L6,980.

The profit-takers continued to hold the high ground in **Brussels** as unease over the country's budget deficit and fears over expanded industrial unrest grew. The Belgian Stock Exchange index retreated 51.44 to 3,616.20 despite the release of very good industrial production figures for January.

Stockholm was also dominated by profit-takers with Fermenta losing SKr 14 to SKr 175 and Volvo SKr 7 cheaper at SKr 389.

Oslo staged a broad retreat in light trading as Elkem fell NKr 10.50 to NKr 109 on poor first-quarter results.

Banks led the rally in active **Madrid** trading.

LONDON

BLUE-CHIP industrials edged higher, but most other sectors failed to follow the lead in London as the new trading account got under way a half hour earlier; official dealings now commence at 9am.

Bids held the centre stage. A share exchange offer for Wedgwood pushed it 25p higher to 368p while Boots gained 6p to 269p on persistent takeover speculation.

The FT-SE 100, which fell 2.4 at the start of trading, recovered to end 6.2 higher at 1,628.80, and the FT Ordinary share index put on 7.4 to 1,365.30.

Chief price changes, Page 47; Details, Page 46; Share information service, Pages 44-45

AUSTRALIA

THE POST-HOLIDAY blues depressed prices in Sydney as trading resumed after Friday's Anzac Day break. Most sectors ended mixed to lower with some institutional demand registering among industrial shares.

BHP dropped 18 cents to A$7.32 after a 20-cent dividend and in the light of no news regarding its takeover. After the market closed, however, a Perth court gave Mr Robert Holmes à Court, the suitor, the green light for his A$2bn offer, ending months of legal wrangling.

Bell Resources dropped 5 cents A$4.30 ex-rights while parent company Bell Group added 10 cents to A$8.10.

SOUTH AFRICA

LACK of interest and any fresh factors left shares easier in Johannesburg. Gold shares mirrored the overall trend.

Kinross, at the more expensive end of the market, lost R1 to R41 while cheaper issue Elsburg gave up 25 cents to R7.

Among mining financials Anglo American shed R1.25 to R42.25, and in platinums Impala ended 50 cents lower at R30.

Diamond share De Beers lost 40 cents to R23.30, and other mining issues were steady while industrials ended mixed.

CANADA

OIL AND INDUSTRIAL issues led Toronto higher while golds tended to drift lower.

After bouncing back into the black and forecasting a moderate full-year profit, Noranda remained steady at C$17¾.

Utilities were steady in Montreal, but banks and industrials edged downwards.